

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2025

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report for the transition period from _____ to _____

Commission File Number: 001-42153

TOYO Co., Ltd
(Exact name of Registrant as specified in its charter)

Not applicable
(Translation of Registrant's name into English)

Cayman Islands
(Jurisdiction of incorporation or organization)

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(Address of principal executive offices)

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At the address of the Company set forth above
(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Ordinary shares, par value \$0.0001 per share	TOYO	The Nasdaq Stock Market LLC

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer’s classes of capital or common stock as of the close of the period covered by the annual report:

As of December 31, 2025, the issuer had 37,758,997 ordinary shares issued and outstanding (including 1,046,957 unvested restricted shares subject to forfeiture and cancellation).

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of “large accelerated filer,” “accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐	Non-accelerated filer	☒
				Emerging growth company	☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting over Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☐ No ☒

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒	International Financial Reporting Standards as issued by the International Accounting Standards Board ☐	Other ☐
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If “Other” has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☒

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PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not Applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [Reserved]

B. Capitalization and Indebtedness

Not Applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Risks Related to TOYO's Business and Industry

Our operating history is short and may not provide you with an adequate basis upon which to evaluate our business and prospects.

We are an early-stage company incorporated in November 2022 to separate the solar cell and module production businesses from VSUN, our affiliate and a majority-owned subsidiary of Fuji Solar. Our solar cell plant Vietnam has commenced commercial production since the second half of 2023 and achieved its full 2GW annual capacity. Our solar cell plant in Ethiopia has commenced production since April 2025 with 2GW annual capacity at its phase 1 site, and we reached the total capacity to 4GW by the end of the third quarter of 2025 at a selected phase 2 site. We also leased a facility located in Texas to accommodate our solar module production. We completed the construction for the first 1GW capacity and commenced production in October 2025 at the Texas plant. We expect to achieve a total of 2GW solar module production capacity at the Texas plant by the end of 2026. We also plan to further increase our solar cell production capacity, and due to the market conditions and regulations development, we are assessing the timing and venues for our expansion plan. Currently, the management is actively observing and analyzing the recent changes and development in relevant regulations and government policies and environmental conditions and evaluating the construction plan, as well as construction cost and customer demands, and expects to commence the construction when there is more clarity in the relevant regulations and government policies. Our operating history may be too short to give you a sufficient basis for evaluating our business, financial performance and prospects. We may not be able to achieve similar results or growth in future periods. Accordingly, you should not rely on our results of operations for any prior periods as an indication of our future performance.

We derived revenue from sales of solar cells since the second half of 2023, substantially of which was from sales of solar cells to VSUN, our affiliate, during the years ended December 31, 2025, 2024 and 2023, with whom we do not enter into long-term contracts. If we do not diversify our customer base in the near future, or if we lose VSUN as our customer, our business may be materially adversely affected.

As an early-stage company, we manufacture and supply our solar cells under the “TOYO Solar” brand to our affiliate VSUN and a select group of PV module manufacturers. We derived revenue from sales of solar cells to these customers since the second half of 2023, a majority of which was from the sales to VSUN, our affiliate, during the years ended December 31, 2025, 2024 and 2023. As of December 31, 2025, we have entered into supply agreements with over 50 third-party solar cell customers, an increase of 60% from 45 third-party cell customers from the year of 2024, and are in active negotiation with several potential customers to supply our solar cells, respectively. See “Item 4. Information on The Company – B. Business — Customers and Sales — Existing and Future Arrangements with VSUN” for more details. Loss of business from VSUN or other future major customers could reduce our revenues and significantly harm our business. We expect that we will continue to depend on a relatively small number of customers for a significant portion of our revenue and may experience fluctuations in the distribution of the revenue among our largest customers. The volume of sale to specific customers is likely to vary from year to year. A major customer in one year may not provide the same level of revenues for us in any subsequent year. For additional concentration risks, see “Item 11. Quantitative and Qualitative Disclosures about Market Risk — Concentration risk.”

We have incurred operating losses historically, and we may in the future incur significant additional expenses and operating losses.

As an early-stage company incorporated on November 8, 2022, we have incurred operating losses historically and have a history of negative operating cash flows. We recorded a net income of \$9.9 million, \$40.5 million and \$37.2 million for the years ended December 31, 2023, 2024 and 2025, respectively. Among the net income of \$40.5 million for the year of 2024, an income of approximately \$35.1 million was recognized for a decrease in fair value of contingent consideration payable. Among the net income of \$37.2 million for the year of 2025, a share-based compensation expenses of approximately \$13.7 million was recognized. There can be no assurance that we will achieve profitability and/or maintain profitability in the future. Our potential profitability is particularly dependent upon the growth of the market for solar energy solutions, which may not occur at the levels we currently anticipate or at all. There can be no assurance that our future cashflows from operating activities or financing activities including equity financing will be sufficient to support the ongoing operations, or that any additional financing will be available in a timely manner or on acceptable terms, if at all. If we are unable to raise sufficient financing or events or circumstances occur such that we do not meet the strategic plans, we will be required to reduce certain discretionary spending, or be unable to fund capital expenditures, which would have a material adverse effect on our financial position, results of operations, cash flows, and ability to achieve our intended business objectives.

If we are not able to successfully manage our growth strategy, our business operations and financial results may be adversely affected.

Our expected future growth presents numerous managerial, administrative and operational challenges. Our ability to manage the growth of our operations will require us to continue to improve our management information systems and our other internal systems and controls. In addition, our growth will increase our need to attract, develop, motivate, and retain both our management and professional employees. Incorporated in November 2022, we are in a nascent journey of growing our business, recruiting employees and transferring certain employees from VSUN to TOYO Solar in connection with the separation of solar cell and module businesses from VSUN. Furthermore, we will need to establish our relationships with customers, suppliers and other third parties and enter into relevant commercial agreements that are critical to our business growth. We are preparing ourselves for the manufacturing of solar PV modules for sales in the United States, allowing our affiliate VSUN to focus on ex-U.S. PV module markets. We commenced production of solar module production with 1GW production capacity in October 2025 at the Texas plant and expect to achieve a total of 2GW solar module production capacity at the Texas plant by the end of 2026. As of the date of this annual report, we are in the process of negotiating a non-compete arrangement with VSUN memorializing such strategy and understanding. We cannot assure you that our planned operations, personnel, systems, internal procedures and controls will be able to support our future growth as expected. If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities, successfully execute our business strategies or respond to competitive pressures, and our results of operations may be adversely affected.

The demand for solar energy and/or our products is impacted by many factors outside of our control, and if such demand does not continue to grow or grows at a slower rate than we anticipate, our business and prospects will suffer.

Our future success depends on continued demand for solar energy. Solar energy is a rapidly evolving and competitive market that has experienced substantial changes in recent years, and we cannot be certain that developers, owners and operators of solar projects and other solar market players will remain active in the market or that new potential customers will pursue solar energy as an energy source at levels sufficient to grow our business. The demand for solar energy and/or our products may be affected by many factors outside of our control, including:

- availability, scale and scope of government subsidies, economic incentives and financing sources to support the development and commercialization of solar energy solutions;
- levels of investment by project developers and owners of solar energy products, which tend to decrease when economic growth slows;

- the emergence, continuance or success of, or increased government support for, other alternative energy generation technologies and products;
- local, state and federal permitting and other regulatory requirements related to environmental, land use and transmission issues, each of which can significantly impact the feasibility and timelines for solar projects;
- technical and regulatory limitations regarding the interconnection of solar energy systems to the electrical grid;
- the cost and availability of raw materials and components necessary to produce solar energy, such as polysilicon; and
- regional, national or global macroeconomic trends, which could affect the demand for new energy resources.

If demand for solar energy fails to continue to grow, demand for our products will plateau or decrease, which would have an adverse impact on our ability to increase our revenue and grow our business. If we are not able to mitigate these risks and overcome these difficulties successfully, our business, financial condition and results of operations could be materially and adversely affected.

Our failure to win new contracts and purchase orders may adversely affect our business operations and financial results.

Our business depends on our ability to win contracts and purchase orders with customers. Contract proposals and negotiations are complex and frequently involve a lengthy bidding and selection process, which is affected by a number of factors. These factors include market conditions, financing arrangements, and required governmental approvals. If negative market conditions arise, or if we fail to secure adequate financial arrangements or the required government approvals, we may not be able to pursue particular projects, which could adversely affect our profitability. If we fail to complete a project in a timely manner, miss a required performance standard, or otherwise fail to adequately perform on a project, then we may incur a loss on that project, which may reduce or eliminate our overall profitability.

Our business may in the future benefit in part from local and international government support for renewable energy, and a decline in such support could harm our business.

We may in the future benefit in part from legislation and government policies that support renewable energy. If so, we cannot assure you that we will continue to receive government grants and subsidies in future periods at a similar level or at all. The availability and size of subsidies and incentives depend, to a large extent, on political and policy developments relating to environmental concerns and other macro-economic factors. Moreover, government incentive programs are expected to gradually decrease in scope or be discontinued as solar power technology improves and becomes more affordable relative to other types of energy. Negative public or community response to solar energy projects could adversely affect the government support and approval of our solar energy business. Adverse changes in government regulations and policies relating to the solar energy industry and their implementation, especially those relating to economic subsidies and incentives, could significantly reduce the profitability of our business and materially adversely affect the state of the industry.

If we are no longer able to benefit from the competitive edge from our relationship with VSUN, our business may be adversely affected.

VSUN, our affiliate, is a specialized PV modules producer with an established presence and brand recognition in regions including the United States, Europe and Asia. We have derived business and financial support from our affiliates. See “Item 7.B.— Related Party Transactions” for further details. We manufacture and supply our solar cells under the “TOYO Solar” brand to our affiliate VSUN and a select group of PV module manufacturers. In September 2025, we acquired VSUN brands. We plan to supply our solar PV modules, initially in collaboration with VSUN, leveraging its experience and certification. Later, we will independently manufacture and supply PV modules under the VSUN brand. However, we cannot assure you that we will continue to maintain our relationship with certain affiliates in the future. To the extent we cannot maintain our cooperative relationship with our affiliates on reasonable terms or at reasonable prices or at all, we will need to source other partners to provide services or financial support, which could result in material and adverse effects to our business and results of operations. In addition, any event or publicity that adversely affects the business or reputation, including litigation, regulatory or other matters, of our affiliates, could also have an adverse impact on our brand and reputation, even if such event or publicity is not associated with our products and services. We may incur additional costs in addressing such matters regardless of merit or outcome. This may also divert our management’s time and attention.

Our independent registered public accounting firm's report contains an explanatory paragraph that expresses substantial doubt about our ability to continue as a "going concern."

We recorded positive income for the years ended December 31, 2023, 2024 and 2025. For the years ended December 31, 2023, 2024 and 2025, we reported a net income of \$9.9 million, \$40.5 million and \$37.2 million, respectively. Among the net income of \$40.5 million for the year of 2024, an income of approximately \$35.1 million was recognized for a decrease in fair value of contingent consideration payable. Among the net income of \$37.2 million for the year of 2025, a share-based compensation expenses of approximately \$13.7 million was recognized. As of December 31, 2025, 2024 and 2023, we had working capital deficits of approximately \$123.9 million, \$69.6 million and \$86.4 million, respectively. This condition raises substantial doubt about our ability to continue as a going concern. Our liquidity is based on our ability to generate cash from operating activities to fund our general operations and capital expansion needs. Our ability to continue as a going concern is dependent on our management's ability to successfully execute our business plan, which includes increasing revenue while controlling operating cost and expenses to generate positive operating cash flows and obtain financing from outside sources.

The financial statements included elsewhere in this annual report do not include any adjustments that might result from the outcome of this uncertainty. Accordingly, the financial statements included elsewhere in this annual report have been prepared on a basis that assumes that we will continue to operate as a going concern, which contemplate the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business. For further information, see "Item 5. Operating And Financial Review and Prospects — Liquidity, Capital Resources and Going Concern."

We may require significant additional capital to fund our operations and pursue our growth strategy. If we cannot obtain additional funding on terms satisfactory to us when we need it, our growth prospects and future profitability may be materially and adversely affected.

We may require significant additional capital to fund our operations and pursue our growth strategy, including, without limitation, to fund the construction of our cell plant, as well as PV module plant and wafer slicing plant in the future. We may also require additional cash due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue, as well as our research and development activities in order to remain competitive.

Our ability to obtain external financing is subject to a number of uncertainties, including:

- our future financial condition, results of operations and cash flow;
- the general condition of the global equity and debt capital markets;
- regulatory and government support, such as subsidies, tax credits and other incentives;
- the continued confidence of banks and other financial institutions in our company and the solar power industry;
- economic, political and other conditions in jurisdictions where we operate; and
- our ability to comply with any financial covenants under the debt financing.

We may not be able to obtain loans or additional capital on acceptable terms or at all. Any additional equity financing may be dilutive to our shareholders and any debt financing may require restrictive covenants. Additional funds may not be available on terms commercially acceptable to us. Failure to manage discretionary spending and raise additional capital or debt financing as required may adversely impact our ability to achieve our intended business objectives.

The oversupply of solar cells and modules in the solar industry may cause substantial downward pressure on the prices of our products and reduce our revenue and earnings.

If the solar industry experiences oversupply across the value chain in the future, continued increases in solar module production in excess of market demand may result in further downward pressure on the price of our solar cell products and potentially our future solar module products. Increasing competition could also result in us losing sales or market share. If we are unable, on an ongoing basis, to procure silicon or solar wafers at reasonable prices, or mark up the price of our solar cell products, or future solar modules, to cover our manufacturing and operating costs, our revenue and gross margin will be adversely impacted, either due to higher costs compared to our competitors or due to inventory write-downs, or both. In addition, our market share may decline if our competitors are able to price their products more competitively.

We may face risks associated with the current and future manufacturing, marketing, distribution and sale of our products internationally and the construction and operation of our overseas manufacturing facilities. If we are unable to effectively manage these risks, our business and operations abroad may be adversely affected and our ability to maintain, develop and expand our business abroad may be restricted.

While we are headquartered in Japan, we have constructed a solar cell plant in Vietnam and established a new solar cell plant in Ethiopia and a solar module plant in Texas, U.S. We are also analyzing and evaluating the timing and venues to further expand to build our solar cell plants. The current and future manufacturing, marketing, distribution and sale of our products internationally, as well as the construction and operation of our manufacturing facilities internationally may expose us to a number of risks, including those associated with:

- fluctuations in currency exchange rates;
- costs associated with understanding local markets and trends;
- costs associated with establishment of overseas manufacturing facilities;
- marketing and distribution costs;
- customer services and support costs;
- risk management and internal control structures for our overseas operations;
- compliance with the different commercial, operational, environmental and legal requirements;
- obtaining or maintaining certifications for production, marketing, distribution and sales of our products or, if applicable, services;
- maintaining our reputation as an environmentally friendly enterprise for our products or services;
- obtaining, maintaining or enforcing intellectual property rights;
- changes in prevailing economic conditions and regulatory requirements;
- transportation and freight costs;
- employing and retaining manufacturing, technology, sales and other personnel who are knowledgeable about, and can function effectively in, overseas markets;
- trade barriers such as trade remedies, which could increase the prices of the raw materials for our solar products, and export requirements, tariffs, taxes and other restrictions and expenses, which could increase the prices of our products and make us less competitive in some countries;
- challenges due to our unfamiliarity with local laws, regulation and policies, our absence of significant operating experience in local market, increased cost associated with establishment of overseas operations and maintaining a multinational organizational structure; and
- other various risks that are beyond our control.

Our manufacturing capacity in Vietnam, Ethiopia and Texas, U.S. requires us to comply with different laws and regulations, including national and local regulations relating to production, environmental protection, employment and the other related matters. Our failure to obtain the required approvals, permits, licenses, filings or to comply with the conditions associated therewith could result in fines, sanctions, suspension, revocation or non-renewal of approvals, permits or licenses, or even criminal penalties, which could have a material adverse effect on our business, financial condition and results of operations.

For example, the U.S. government has begun enforcing a long-existing ban on U.S. importation of products produced with forced labor in ways that may adversely affect our business. Section 307 of the U.S. Tariff Act of 1930, as amended, (“Section 307”), prohibits U.S. importation of goods that are produced or manufactured, wholly or in part, in any non-U.S. country by forced or indentured labor. On June 24, 2021, U.S. Customs and Border Protection (CBP) issued a Withhold Release Order against Hoshine Silicon Industry Co. Ltd. (“Hoshine WRO”). As a result, personnel at all U.S. ports of entry have been instructed to immediately begin detaining shipments that contain silica-based products made by Hoshine or materials and goods derived from or produced using those silica-based products.

On December 23, 2021, President Biden signed the Uyghur Forced Labor Prevention Act (the “UFLPA”) into law. The UFLPA aims to strengthen the existing laws on forced labor by prohibiting the importation and entry of any goods made with forced labor in the Xinjiang Uyghur Autonomous Region (“XUAR”) of the PRC, and establishes several enforcement mechanisms and procedures to do so. Since June 21, 2022, CBP has begun applying the “Rebuttal Presumption” established in Section 3 of UFLPA and prohibits any “goods, wares, articles, or merchandise mined, produced, or manufactured wholly or in part in the XUAR” or produced by an entity on the list to be issued pursuant to the UFLPA, unless CBP determines that importer of record has (i) fully complied with the supply chain guidance described in Section 2 of the UFLPA and any accompanying regulations, and (ii) completely and substantively responded to inquiries for information by CBP. Pursuant to UFLPA, the U.S. government issued a list of entities involved in and products produced from forced labor, “guidance to importers” with respect to forced labor due diligence as well as a strategy report to prevent importation of goods produced with forced labor.

In addition to the actions taken or being considered by the U.S. government as discussed above, there is a growing concern regarding the alleged use of forced labor issue in the XUAR in the European Union, Australia, Japan and certain other countries. For example, in June 2022, the European Parliament passed Resolution on the human rights situation in the XUAR, including the Xinjiang police files. European Commission issued, on September 14, 2022, a Proposal for a Regulation of the European Parliament and of the Council on prohibiting products made with forced labor on the European Union. If any new legislation or regulatory action with respect to these issues were to be enacted in those regions that impose additional restrictions or requirements on importation of goods that are produced or manufactured, wholly or in part, in the XUAR, our business and operation in these regions would be adversely affected.

Although such policies have impacted the operations of some participants in the solar industry, our operations have not yet been adversely affected by Hoshine WRO or UFLPA or other regulations or government initiatives discussed above.

On April 24, 2024, the American Alliance for Solar Manufacturing Trade Committee (the “Committee”) filed AD and CVD petitions on imports of crystalline silicon photovoltaic (“CSPV”) cells from Cambodia, Malaysia, Thailand, and Vietnam. The AD petition alleges that imports of CSPV cells from the targeted countries are being sold in the United States at less than fair value. The CVD petition alleges that the governments of the targeted countries are providing countervailable subsidies with respect to the manufacture, production, and export of CSPV cells. The Commerce Department will determine whether imports of CSPV cells from the targeted countries were dumped in the United States, and establish the ADs that will be imposed. It will also determine whether the governments of the targeted countries subsidized exports of CSPV cells to the United States. The International Trade Commission (“ITC”) will determine whether imports of the subject merchandise are materially injuring, or threaten to materially injure, the domestic industry. In April 2025, the Commerce Department announced its final affirmative AD/CVD determinations and, among the others, assigned a final AD rate of 271.28% and a final CVD rate of 124.57% for solar cells and modules from Vietnam involved in circumvention of U.S. duties, and further, among the others, assigned a different AD rate of 77.12% to our affiliate VSUN.

Recently, the U.S. government and President Trump have made public statements and taken certain actions indicating significant changes in U.S. trade policy, including imposing new or increased tariffs on certain goods imported into the United States. We currently have three plants located in Vietnam, Ethiopia and Texas, U.S. U.S. will continue to be an important market for us. It is uncertain if there will be any changes to the imposed tariffs, with respect to the subject countries, products or rates, and how would those tariff impact our operations. Furthermore, changes in U.S. trade policy could trigger retaliatory actions by affected countries, which could impose restrictions on our ability to purchase and import raw material or equipment from other countries to the U.S. to our solar module plant in Texas. As of the date of this annual report, we cannot predict what actions may ultimately be taken with respect to tariffs or trade relations between the United States and other countries, what products may be subject to such actions, or what actions may be taken by the other countries in retaliation. Any additional tariffs imposed on our products, raw material or equipment for our plants could have a material adverse effect on our business, results of operations and financial position.

However, there is no guarantee that our operations will not be materially adversely affected by laws and regulations in the United States or other jurisdictions in the future. As we enter into new markets in different jurisdictions, we will face different business environments and industry conditions, and we may spend substantial resources familiarizing ourselves with the new environment and conditions. To the extent that our business operations are affected by unexpected and adverse economic, regulatory, social and political conditions in the jurisdictions in which we have operations, we may experience project disruptions, loss of assets and personnel, and other indirect losses that could adversely affect our business, financial condition and results of operations. Any of these events may increase the related costs, or impair our ability to run our operations in the future on a cost effective basis, which could in turn have a material adverse effect on our business and results of operations.

We may not be able to obtain sufficient raw materials in a timely manner or on commercially reasonable terms, which could have a material adverse effect on our results of operations and financial condition.

The prices of polysilicon, the essential raw material for solar cell and module products and silicon wafers have been subject to significant volatility. The price of polysilicon increased significantly in 2020 due to the supply shortage of polysilicon. In the first half of 2020, supply of polysilicon was negatively affected by the decreasing downstream demand due to the COVID-19 pandemic. In the second half of 2020, the production capacity of polysilicon of some key manufacturing facilities reduced due to the explosion accidents and maintenance activities, which further intensified the supply shortage. The price of the polysilicon began to decline in the first quarter of 2023, which stimulated the module demand globally. In 2025, the price of polysilicon remained relatively stable throughout the year, without the significant volatility seen in prior periods.

Although the global supply of polysilicon has increased significantly, we may experience interruption to our supply of silicon or other raw materials or late delivery in the future for the following reasons, among others:

- suppliers under our raw materials supply contracts may delay deliveries for a significant period of time without incurring penalties;
- our virgin polysilicon suppliers may not be able to meet our production needs consistently or on a timely basis;
- compared with us, some of our competitors who also purchase virgin polysilicon from our suppliers have longer and stronger relationships with and have greater buying power and bargaining leverage over some of our key suppliers; and
- our supply of silicon or other raw materials is subject to the business risk of our suppliers, some of whom have limited operating history and limited financial resources, and one or more of which could go out of business for reasons beyond our control in the current economic environment.

Our failure to obtain the required amounts of silicon raw materials and other raw materials, such as glass, in a timely manner and on commercially reasonable terms could increase our manufacturing costs and substantially limit our ability to meet our contractual obligations to our customers. Any failure by us to meet such obligations could have a material adverse effect on our reputation, ability to retain customers, market share, business and results of operations and may subject us to claims from our customers and other disputes. Furthermore, our failure to obtain sufficient silicon and other raw materials would result in under-utilization of our production facilities and an increase in our marginal production costs. Any of the above events could have a material adverse effect on our growth, profitability and results of operations.

Several of our key raw materials and components are sourced from a limited number of suppliers, and their failure to perform could cause manufacturing delays and impair our ability to deliver solar cells and/or modules to customers in the required quality and quantities and at a price that is profitable to us.

Our failure to obtain raw materials and components that meet our quality, quantity, and cost requirements in a timely manner could interrupt or impair our ability to manufacture our solar modules, or increase our manufacturing costs. Several of our key raw materials and components are sourced from a limited number of suppliers. As a result, the failure of any of our suppliers to perform could disrupt our supply chain and adversely impact our operations. In addition, our suppliers may be unable to supply our increasing demand for raw materials and components as we expand or seek to expand our business. We may be unable to identify new suppliers or qualify their products for use on our production lines in a timely manner and on commercially reasonable terms. A constraint on our production may result in our inability to meet our capacity plans and/or our obligations under our customer contracts, which would have an adverse impact on our business. Additionally, reductions in our production volume may put pressure on suppliers, resulting in increased material and component costs.

In particular, we are dependent on VSUN's subsidiary as a crucial supplier of monocrystalline silicon wafer, which accounted for approximately 28.5%, 55.0% and 64.5% of our total purchase of inventories for the years ended December 31, 2025, 2024 and 2023, respectively. In addition, one third party supplier accounted for approximately 16.9% and 14.8% of our total purchase of inventories for the years ended December 31, 2024 and 2023, respectively. For the year ended December 31, 2025, no third party supplier accounted for more than 10% of our total purchase of inventories. Monocrystalline silicon wafer is the critical material for the production of solar cells, and we may not be able to find replacements or immediately transition to alternative suppliers if necessary. If our supplier delays or discontinues the manufacture of monocrystalline silicon wafer, we may experience delays in shipments, increased costs and cancellation of orders for our products. Failure to establish cost-effective alternative suppliers within reasonable timeframes, or encountering difficulties in sourcing monocrystalline silicon wafers from other third parties, could have adverse effects on our business and operational performance. For additional concentration risk, see "Item 11. Quantitative and Qualitative Disclosures about Market Risk — Concentration risk."

Failure of third parties to manufacture quality products or provide reliable services in a timely manner could cause delays in the delivery of our services and completion of our projects, which could damage our reputation, have a negative impact on our relationships with our customers and adversely affect our growth.

Our success depends on our ability to provide services and complete projects in a timely manner, which in part depends on the ability of third parties to provide us with timely and reliable products and services. In providing our services and completing our projects, we rely on products that meet our design specifications and components manufactured and supplied by third parties, as well as on services performed by subcontractors. We will also rely on subcontractors to perform substantially all of the construction and installation work related to our projects; and we may need to engage subcontractors with whom we have no experience for our projects. If any of our subcontractors are unable to provide services that meet or exceed our customers' expectations or satisfy our contractual commitments, our reputation, business and operating results could be harmed. In addition, if we are unable to avail ourselves of warranty and other contractual protections with providers of products and services, we may incur liability to our customers or additional costs related to the affected products and components, which could have a material adverse effect on our business, financial condition and operating results. Moreover, any delays, malfunctions, inefficiencies or interruptions in these products or services could adversely affect the quality and performance of our solutions and require considerable expense to establish alternate sources for such products and services. This could cause us to experience difficulty retaining current customers and attracting new customers, and could harm our brand, reputation and growth.

Prepayment arrangements to our suppliers, if any, may expose us to the credit risks of such suppliers and may also significantly increase our costs and expenses, which could in turn have a material adverse effect on our financial condition, results of operations and liquidity.

As we conduct our business in the ordinary course, we may incur prepayment obligations for the procurement of silicon raw materials or the construction of our projects. Our prepayments, secured or unsecured, may expose us to the credit risks of our suppliers, and reduce our chances of obtaining the return of such prepayments in the event that our suppliers become insolvent or bankrupt. Moreover, we may have difficulty recovering such prepayments if any of our suppliers fails to fulfil its contractual delivery obligations to us. Accordingly, a default by our suppliers to whom we have made substantial prepayment may have a material adverse effect on our financial condition, results of operations and liquidity.

Decreases in the price of solar power products, including solar modules, may result in additional provisions for inventory losses.

We typically plan our production and inventory levels based on our forecasts of customer demand, which may be unpredictable and can fluctuate materially. Recent market volatility has made it increasingly difficult for us to accurately forecast future product demand trends and the prices of solar power products. If the prices of solar power products continue to decrease, the carrying value of our existing inventory may exceed its market price in future periods, thus requiring us to make additional provisions for inventory valuation, which may have a material adverse effect on our financial position and results of operations.

Shortage or disruption of electricity supply may adversely affect our business.

We consume a significant amount of electricity in our operations. We cannot assure you that there will not be disruptions or shortages in our electricity supply or that there will be sufficient electricity available to us to meet our future requirements. Shortages or disruptions in electricity supply and any increases in electricity costs may significantly disrupt our normal operations, cause us to incur additional costs and adversely affect our profitability.

Computer malware, viruses, ransomware, hacking, phishing attacks and other network disruptions could result in security and privacy breaches, loss of proprietary information and interruption in service, which would harm our business.

Computer malware, viruses, physical or electronic break-ins and similar disruptions could lead to interruption and delays in our services and operations and loss, misuse or theft of data. Computer malware, viruses, ransomware, hacking, phishing attacks or denial of service, against online networks have become more prevalent and may occur on our systems. Any attempts by cyber attackers to disrupt our services or systems, if successful, could harm our business, introduce liability to data subjects, result in the misappropriation of funds, be expensive to remedy and damage our reputation or brand. Insurance may not be sufficient to cover significant expenses and losses related to cyber-attacks. In addition, cyber-attacks and malicious internet-based activity directed at supply chains have increased in frequency and severity, and we cannot guarantee that third parties in our supply chain or our third-party partners' supply chains have not been compromised or that they do not contain exploitable defects or bugs that could result in a breach of or disruption to our information technology systems or the third-party information technology systems that support us and our operations. Notwithstanding the security measures we have implemented, such as managed security services, that are designed to detect and protect against cyber-attacks, and any additional measures we may implement or adopt in the future, our facilities and systems, and those of our third-party service providers, could be vulnerable to security breaches, computer viruses, lost or misplaced data, programming errors, scams, burglary, human errors, acts of vandalism, or other events. Efforts to prevent cyber attackers from entering computer systems are expensive to implement, and we may not be able to cause the implementation or enforcement of such preventions with respect to our third-party vendors. Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, any failure to maintain performance, reliability, security and availability of systems and technical infrastructure may, in addition to other losses, harm our reputation, brand and ability to attract customers.

There are several factors ranging from human error to data corruption that could materially impact the efficacy of any processes and procedures designed to enable us to recover from a disaster or catastrophe, including by lengthening the time services that are partially or fully unavailable to customers and users. It may be difficult or impossible to perform some or all recovery steps and continue normal business operations due to the nature of a particular cyber-attack, disaster or catastrophe or other disruption, especially during peak periods, which could cause additional reputational damages, or loss of revenues, any of which would adversely affect its business and financial results.

Our estimates of market opportunity and forecasts of market growth may prove to be inaccurate.

Market opportunity estimates and growth forecasts, whether obtained from third-party sources or developed internally, are subject to significant uncertainty and are based on assumptions and estimates that may prove to be inaccurate. This is especially so at the present time due to the uncertain and rapidly changing projections of the market opportunity and growth. The estimates and forecasts included in this annual report relating to the size and expected growth of the target market and market demand may also prove to be inaccurate. The estimated addressable market may not materialize in the timeframe of the projections included herein, if ever, and even if the markets meet the size estimates and growth estimates presented in this annual report, our business could fail to grow at similar rates.

We expect to operate in a highly competitive industry, and our current or future competitors may be able to compete more effectively than we do, which could have a material adverse effect on our business, revenues, growth rates and market share.

The markets and industries in which we expect to compete in are highly competitive, with many companies of varying size and business models, many of which have their own proprietary technologies, competing for the same business as we do. Many of our competitors have longer operating histories and greater resources than us and could focus their substantial financial resources to develop a competitive advantage. Our competitors may also offer energy solutions at prices below cost, devote significant sales forces to competing with us or attempt to recruit our key personnel by increasing compensation, any of which could improve their competitive positions. Additionally, we expect competition to intensify in the future as existing competitors and new market entrants introduce new products into our markets. Any of these competitive factors could make it more difficult for us to attract and retain customers, increase our sales and marketing expenses, reduce profit margins, cause us to lower our prices in order to compete, and reduce our market share and revenues, any of which could have a material adverse effect on our financial condition and operating results. We can provide no assurance that we will continue to effectively compete against our current competitors or additional companies that may enter our markets.

In addition, we may also face competition based on technological developments that compete with our products and services. Our competitors may develop technology that would make ours noncompetitive or obsolete. If we do not keep pace with product and technology advances and otherwise keep our product offerings competitive, there could be a material and adverse effect on our competitive position, revenue and prospects for growth. Some of our existing competitors have, and some of our potential competitors could have, substantial competitive advantages such as:

- greater name recognition, longer operating histories and larger customer bases;
- larger sales and marketing budgets and resources;
- broader and deeper product lines;
- greater customer support resources;
- greater resources to make acquisitions;
- lower labor and research and development costs;
- substantially greater financial and other resources; and
- larger scale manufacturing operations.

Some of our expected larger competitors may have substantially broader product offerings and may be able to leverage their relationships with partners and customers based on other products to gain business in a manner that discourages potential customers from purchasing our concentrated solar power plants, including by selling at zero or negative margins or product bundling. In addition, innovative start-up companies and larger companies that are making significant investments in research and development may invent similar or superior technologies that compete with ours. Our current and potential competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their resources. If we are unable to compete successfully, or if competing successfully requires us to take costly actions in response to the actions of our competitors, our business, financial condition and results of operations could be adversely affected.

The solar industry faces competition from other types of renewable and non-renewable power industries.

The solar industry faces competition from other renewable energy companies and non-renewable power industries, including nuclear energy and fossil fuels such as coal, petroleum and natural gas. Technological innovations in these other forms of energy may reduce their costs or increase their safety. Large-scale new deposits of fossil fuel may be discovered, which could reduce their costs. Local governments may decide to strengthen their support for other renewable energy sources, such as wind, hydro, biomass, geothermal and ocean power, and reduce their support for the solar industry. The inability to compete successfully against producers of other forms of power would reduce our market share and negatively affect our results of operations.

Technological changes in the solar power industry could render our products uncompetitive or obsolete, which could reduce our market share and cause our revenue and net income to decline.

The solar power industry is characterized by evolving technologies and standards. These technological evolutions and developments place increasing demands on the improvement of our products, such as solar cells with higher conversion efficiency and larger and thinner silicon wafers and solar cells. Other companies may develop production technologies that enable them to produce silicon wafers, solar cells and solar modules with higher conversion efficiencies at a lower cost than our products. Some of our competitors are developing alternative and competing solar technologies that may require significantly less silicon than crystalline silicon wafers and solar cells, or no silicon at all. Technologies developed or adopted by others may prove more advantageous than ours for commercialization of solar power products and may render our products obsolete. As a result, we may need to invest significant resources in research and development to maintain our market position, keep pace with technological advances in the solar power industry, and effectively compete in the future. Our failure to further refine and enhance our products and processes or to keep pace with evolving technologies and industry standards could cause our products to become uncompetitive or obsolete, which could materially adversely reduce our market share and affect our results of operations.

Existing regulations and policies and changes to these regulations and policies may present technical, regulatory and economic barriers to the purchase and use of solar power products, which may significantly reduce demand for our products.

The market for electricity generation products is heavily influenced by government regulations and policies concerning the electric utility industry, as well as by policies adopted by electric utility companies. These regulations and policies often relate to electricity pricing and technical interconnection requirements for customer-owned electricity generation. In a number of countries, these regulations and policies are being modified and may continue to be modified. Customer purchases of, or further investment in the research and development of, alternative energy sources, including solar power technology, could be deterred by these regulations and policies, which could result in a significant reduction in the demand for our products. For example, without a regulatory mandated exception for solar power systems, utility customers may be charged interconnection or standby fees for putting distributed power generation on the electric utility grid. These fees could increase the cost of and reduce the demand for solar power, thereby harming our business, prospects, results of operations and financial condition.

In addition, we anticipate that solar power products and their installation will be subject to oversight and regulation in accordance with national and local regulations relating to building codes, safety, environmental protection, utility interconnection, and metering and related matters. Any new government regulations or utility policies pertaining to solar power products may result in significant additional expenses to the users of solar power products and, as a result, could eventually cause a significant reduction in demand for our products.

A drop in electricity prices may adversely affect our business, financial condition, and results of operations.

A decline in electricity prices could adversely affect the attractiveness of solar energy projects and consequently lead to a decrease in our product sales. Various factors might contribute to a reduction in electricity prices, including:

- establishment of more efficient power generation plants that can produce electricity at a lower cost;
- enhancements in transmission infrastructure, enabling more affordable or increased transmission of energy from distant, cost-effective sources;

- a decrease in the cost of natural gas or other energy-producing fuels;
- adjustments in utility rates and the reallocation of costs among customer classes;
- drop in electricity demand, possibly driven by energy-saving technologies, initiatives to cut electricity usage, or economic downturns that reduce overall activity;
- emergence of smart-grid technologies that can minimize peak energy demands;
- innovations in customer-sited energy storage technologies that can lower a customer's average electricity cost by utilizing off-peak times; and
- the invention of new energy generation methods that can produce energy more affordably.

Should the expense of electricity produced by solar installations that incorporate our systems remain high in comparison to other energy sources, it may significantly impact our business, financial standing, and operational results negatively.

We may face termination and late charges and risks relating to the termination and amendment of certain equipment purchases contracts.

We transact with a limited number of equipment suppliers for all our principal manufacturing equipment and spare parts, including our diffusion furnaces, chemical vapor deposition systems, screen printers and solar cell testers and sorters. We may rely on certain major suppliers to provide a substantial portion of the principal manufacturing equipment and spare parts as part of our expansion plan in the future. If we fail to develop or maintain our relationships with these and other equipment suppliers, or should any of our major equipment suppliers encounter difficulties in the manufacturing or shipment of its equipment or spare parts to us, including due to natural disasters or otherwise failing to supply equipment or spare parts according to our requirements, it will be difficult for us to find alternative providers for such equipment on a timely basis and on commercially reasonable terms. As a result, our production and result of operation could be adversely affected.

If we choose to sell our products on credit terms, it may increase our working capital requirements and expose us to the credit risk of our customers.

To accommodate and retain customers in the negative market environment, many solar module manufacturers make credit sales and extend credit terms to customers, and this trend is expected to continue in the industry. If we choose to sell our products on credit terms, it may increase our working capital requirements and negatively affect our liquidity. We may not be able to maintain adequate working capital primarily through cash generated from our operating activities and may need to secure additional financing for our working capital requirements, which may not be available to us on commercially acceptable terms or at all. In addition, if we choose to sell our products on credit terms, we may be exposed to the credit risk of customers to which we have made credit sales in the event that any of such customers becomes insolvent or bankrupt or otherwise does not make timely payments. If these customers are not able to obtain satisfactory working capital, maintain adequate cash flow, or obtain construction financing for the projects where our solar products are used, they may be unable to pay for products they have ordered from us or for which they have taken delivery. Our legal recourse under such circumstances may be limited if the customers' financial resources are already constrained or if we wish to continue to do business with these customers.

We may incur substantial indebtedness in the future which could adversely affect our business, financial condition and results of operations.

As we conduct our business in the ordinary course, we anticipate requiring a significant amount of cash to meet our capital requirements, including the expansion of our production capacity, as well as to fund our operations. We may incur substantial indebtedness in the future, and if so, we may not have sufficient funds available to meet our payment obligations in light of the amount of bank borrowings due in the near-term future, which could have significant consequences on our operations, including:

- reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes as a result of our debt service obligations, and limiting our ability to obtain additional financing;
- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy; and
- potentially increasing the cost of any additional financing.

Any of these factors and other consequences that may result from our substantial indebtedness could have an adverse effect on our business, financial condition and results of operations as well as our ability to meet our payment obligations under our debt.

In addition, we are exposed to various types of market risk in the normal course of business, including the impact of credit risk and foreign currency risk. We may incur gain or loss in relation to our change in the fair value of our financial instruments, if any. The change in fair value of financial instruments may fluctuate significantly from period to period due to factors that are largely beyond our control, and may result in us recording substantial gains or losses as a result of such changes.

TOYO relies principally on dividends and other distributions on equity paid by TOYO Solar, and limitations on their ability to pay dividends to us could have a material adverse effect on our business and results of operations.

TOYO is a holding company holding 100% equity interest in SinCo, which in turn holds 100% equity interest in TOYO Solar, a principal operating subsidiary of TOYO and SinCo. As a result, TOYO relies principally on dividends paid by TOYO Solar, through SinCo, for cash requirements.

TOYO Solar can only distribute dividends/profits and remit such dividends/profits out of Vietnam to SinCo, provided that: (i) TOYO Solar is not permitted to distribute dividends/profits to its owner if it does not pay in full its debts and other financial obligations when due, (ii) TOYO Solar does not have any accumulated loss for the year of dividends/profits distribution, and (iii) TOYO Solar can only remit its dividends/profits offshore at the end of the financial year after fulfillment of all taxes and other financial obligations to the authority of Vietnam and submission of the audited financial statements and corporate income tax finalization form to the tax authorities. The dividend/profits must be remitted offshore through the direct capital account of TOYO Solar opened at a licensed bank in Vietnam. The tax authority must be notified at least seven working days prior to the date of remittance of dividends/profits offshore. In practice, the tax authority may object the dividend payment if TOYO Solar still has pending tax obligation.

In addition, in accordance with section 403 of the Companies Act 1967 of Singapore, no dividend is payable by SinCo to its shareholder(s) except out of profits; and any profits of SinCo applied towards the purchase or acquisition of its own shares and any gains derived by SinCo from the disposal of treasury shares shall not be payable as dividends. Payment of dividends must also be made in compliance with the constitution of SinCo, which provides that dividends may be declared at general meetings of shareholder(s) by ordinary resolution; however, any dividend declared must not exceed the amount recommended by SinCo's directors. The directors may also from time to time pay to its shareholder(s) such interim dividend as appear to the directors to be justified by the profits of SinCo. Any dividends would be limited by the amount of profits and/or available distributable reserves of SinCo, which, under Singapore law, will be assessed on the basis of SinCo's standalone unconsolidated accounts.

Failure to achieve satisfactory production volumes of our products could result in higher unit production costs.

The production of solar cells and solar modules involves complex processes. Deviations in the manufacturing process can cause a substantial decrease in output and, in some cases, disrupt production significantly or result in no output. From time to time, we may experience lower-than-anticipated manufacturing output during the ramp-up of production lines. This often occurs during the introduction of new products, the installation of new equipment or the implementation of new process technologies. As we bring additional lines or facilities into production, we may operate at less than intended capacity during the ramp-up period. In addition, if the demand in the global solar power product market may decrease, it may also cause us to operate at less than intended capacity. This would result in higher marginal production costs and lower output, which could have a material adverse effect on our business, financial condition and results of operations.

Unsatisfactory performance of or defects in our products may cause us to incur additional expenses and warranty costs, damage our reputation and cause our sales to decline.

Our products may contain defects that are not detected until after they are shipped or inspected by our customers. Our future sales contract for solar cells and/or solar modules may include warranty that is in line with the industry customary practice. If we experience a significant increase in warranty claims, we may incur significant repair and replacement costs associated with such claims. In addition, product defects could cause significant damage to our market reputation and reduce our product sales and market share, and our failure to maintain the consistency and quality throughout our production process could result in substandard quality or performance of our products.

If we deliver our products with defects, or if there is a perception that our products are of substandard quality, we may incur substantially increased costs associated with returns or replacements of our products, our credibility and market reputation could be harmed and our sales and market share may be materially adversely affected.

Pandemics and epidemics, extreme weather conditions and natural disasters, terrorist activities, political unrest and other geopolitical risks may adversely affect our business and results of operations.

Global pandemics, epidemics, or fear of spread of contagious diseases, as well as hurricanes, earthquakes, tsunamis, or other natural disasters could disrupt our business operations, incur significant costs to protect our employees and facilities, or result in regional or global economic distress, which may materially and adversely affect our business and results of operations. Our solar cell plant is situated in Phu Tho Province, Vietnam, and we serve potential customers in the United States and globally. A severe weather event or catastrophe at our production site could cause substantial damage and disrupt our business operations. Such events could also affect our supply chain, leading to delays in shipping and delivery of materials, components, and products, subsequently causing delays in our customers' solar projects. Weather conditions, especially during winter, can also impact our customers' ability to install solar energy systems. As of the date of this annual report, our supply chain has not been impacted by such extreme weather conditions.

Furthermore, severe weather events like extreme cold, hail, hurricanes, tornadoes, heavy snowfall, as well as seismic activity, fires, floods, and other natural disasters could affect locations where our customers have other suppliers or solar projects. These events could lead to delays or even a complete halt in our operations, both regionally and worldwide, and cause significant damage to our products and equipment. Such disruptions would hinder our ability to deliver products and services, reduce demand, and potentially result in substantial warranty claims. These claims could exceed our available insurance coverage, having a material adverse effect on our business, financial condition, and results of operations. The risk of these events may be exacerbated by the effects of climate change.

Additionally, actual or threatened war, terrorist activities, political unrest, civil strife, and other geopolitical risks could have a similar adverse effect on our business and results of operations. Any one or more of these events may impede our production and delivery efforts and adversely affect our sales results, or even for a prolonged period of time, which could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects. For example, the ongoing military action between Russia and Ukraine ongoing Israel-Hamas conflict, sanctions and other measures imposed against Russia, Belarus, the Crimea Region of Ukraine by the United States and other countries and bodies around the world, as well as the existing and potential further responses from Russia or other countries to such sanctions, tensions and military actions, has in the past and in the future could continue to adversely affect the global economy and financial markets and could adversely affect our business, financial condition and results of operations. Additional potential sanctions and penalties have also been proposed and/or threatened. Although our operations have not experienced material and adverse impact on supply chain, cybersecurity or other aspects of its business from the ongoing Russia-Ukraine conflict and Israel-Hamas conflict, during times of war and other major conflicts, we and the third parties upon which we rely may be vulnerable to a heightened risk of these attacks, including retaliatory cyber-attacks, that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our products. We cannot predict the progress or outcome of the conflict in Ukraine or its impacts in Ukraine, Russia or Belarus or the progress or outcome of the Israel-Hamas conflict as these ongoing conflicts, and any resulting government reactions, are rapidly developing and beyond our control. The extent and duration of the military action, sanctions and resulting market disruptions could be significant, could result in increases in commodity, freight, logistics and input costs and could potentially have substantial impact on the global economy and our business.

We have limited insurance coverage and may incur losses resulting from product liability claims, business interruption or natural disasters.

We are exposed to risks associated with product liability claims in the event that the use of our products results in property damage or personal injury. Since our products are ultimately incorporated into electricity generating systems, it is possible that users could be injured or killed by devices that use our products, whether as a result of product malfunctions, defects, improper installations or other causes. Due to our limited operating history, we are unable to predict whether product liability claims will be brought against us in the future or to predict the impact of any resulting adverse publicity on our business. The successful assertion of product liability claims against us could result in potentially significant monetary damages and require us to make significant payments. Our product liability insurance coverage is limited and we may not have adequate resources to satisfy a judgment in the event of a successful claim against us. In addition, we do not carry any business interruption insurance. Any business interruption or natural disaster could result in substantial losses and diversion of our resources and materially adversely affect our business, financial condition and results of operations.

The grant of employee share options and other share-based compensation could adversely affect our net income.

We have adopted a share incentive plan and expect to issue share incentives to our directors, officers and employees. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

Our lack of sufficient patent protection may undermine our competitive position and subject us to intellectual property disputes with third parties, both of which may have a material adverse effect on our business, results of operations and financial condition.

We have developed various production process related know-how and technologies in the production of our products. Such know-how and technologies play a critical role in our quality assurance and cost reduction. In addition, we have implemented a number of research and development programs with a view to developing techniques and processes that will improve production efficiency and product quality. Our intellectual property and proprietary rights from our research and development programs will be crucial in maintaining our competitive edge in the solar power industry. We rely on the production know-how, instead of patent protection, in maintaining our competitive position. As of the date of this annual report, we are in the process of applying for two patents in Vietnam and preparing applications for another three patents. In the future, we may seek to protect our intellectual property and proprietary knowledge by applying for patents for them. However, we cannot assure you that we will be successful in obtaining patents in the relevant jurisdictions in a timely manner or at all. Furthermore, as of the date of this annual report, we have not entered into contractual arrangement with employees regarding trade secret protections to protect our proprietary rights.

In addition, others may obtain knowledge of our know-how and technologies through independent development. Our failure to protect our production process, related know-how and technologies, our intellectual property and proprietary rights or any combination of the above may undermine our competitive position. Third parties may infringe or misappropriate our proprietary technologies or other intellectual property and proprietary rights. Policing unauthorized use of proprietary technology can be difficult and expensive. Litigation, which can be costly and divert management attention and other resources away from our business, may be necessary to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of our proprietary rights. We cannot assure you that the outcome of such potential litigation will be in our favor. An adverse determination in any such litigation will impair our intellectual property and proprietary rights and may harm our business, prospects and reputation.

We may be exposed to intellectual property infringement or misappropriation claims by third parties, which, if determined adversely to us, could cause us to pay significant damage awards and subject us to injunctions prohibiting sale of our products in certain markets.

Our success depends on our ability to use and develop our technology and know-how, and to manufacture and sell our solar cell and/or solar PV module products or otherwise operate our business in the solar industry without infringing the intellectual property or other rights of third parties. We may be subject to litigation involving claims of patent infringement or violation of intellectual property rights of third parties. Please see “Item 4. Information on the Company – B. Business Overview – Legal Proceedings” of this annual report for more information. The validity and scope of claims relating to solar power technology patents involve complex scientific, legal and factual questions and analyses and, therefore, may be highly uncertain. The defense and prosecution of intellectual property suits, patent opposition proceedings, trademark disputes and related legal and administrative proceedings can be both costly and time-consuming and may significantly divert our resources and the attention of our technical and management personnel. An adverse ruling in any such litigation or proceedings could subject us to significant liability to third parties, require us to seek licenses from third parties, to pay ongoing royalties, or to redesign our products or subject us to injunctions prohibiting the manufacture and sale of our products or the use of our technologies. Protracted litigation could also result in our customers or potential customers deferring or limiting their purchase or use of our products until resolution of such litigation.

We may become involved in legal proceeding that could have a material adverse effect on our business.

From time to time, we may become involved in various legal proceedings relating to matters incidental to the ordinary course of our business, including litigation and claims and governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management’s attention and resources, cause us to incur significant expenses or liability or require us to change our business practices. Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, settle disputes, even when we believe that we have meritorious claims or defenses. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business, financial condition and results of operations. In addition, there might be legal proceedings against our affiliates that might have potential effect on us. For example, in March 2024, Abalance, our controlling shareholder, made corrections to its prior-period financial statements regarding the accounting treatment of paid-in-kind transactions at its subsidiary, WWB Corporation and commenced related internal investigations on its corporate governance and internal control. In connection with the events, in January 2026, Tokyo Stock Exchange, Inc. (“TSE”) fined Abalance for violation of its listing agreement with TSE in the amount of ¥43.2 million (approximately \$0.27 million) and among others, requested Abalance to remediate its internal control. We are not a party to the paid-in-transactions involved in the Abalance investigation, nor did we be aware of any penalties or notice from TSE against us.

In addition, our share price may be volatile, and in the past, companies that have experienced volatility in the market price of their stock have been subject to securities litigation, including class action litigation. We may be the target of this type of litigation in the future. Litigation of this type could result in substantial costs and diversion of management's attention and resources, which could have a material adverse effect on our business, financial condition and results of operations. Any adverse determination in securities litigation could also subject us to significant liabilities. As of the date hereof, except as otherwise disclosed in the accompanying prospectus, we do not believe we are subject to any material litigation or legal proceedings.

Members of our management team may be involved in legal proceedings or regulatory actions relating to themselves, or their business activities, or the business affairs of us or other companies with which they are, were or may in the future be affiliated with, which may divert their attention from our business and negatively impact us.

Members of our management team may be involved in legal proceedings or regulatory actions relating to themselves, or their business activities, or the business affairs of us or other companies with which they were, are or may in the future be affiliated with. Any such legal proceedings or regulatory actions may divert our management team's attention and resources away from managing our business and operations, and may be detrimental to our reputation, and as a result negatively affect our ability to raise additional capital or execute our business plans.

Our business will depend on experienced and skilled personnel and substantial specialty subcontractor resources, and if we lose key personnel or if we are unable to attract and integrate additional skilled personnel, it will be more difficult for us to manage our business and complete projects.

The success of our business and construction projects will depend in large part on the skill of our personnel and on trade labor resources, including those with certain specialty subcontractor skills. Competition for personnel, particularly those with expertise in the energy services and renewable energy industries, is high. In the event we are unable to attract, hire and retain the requisite personnel and subcontractors, we may experience delays in completing projects in accordance with project schedules and budgets.

Further, any increase in demand for personnel and specialty subcontractors may result in higher costs, causing us to exceed the budget on a project. Either of these circumstances may have an adverse effect on our business, financial condition and operating results, harm our reputation among and relationships with our customers and cause us to curtail our pursuit of new projects.

Our future success is particularly dependent on the vision, skills, experience and effort of our senior management team. If we were to lose the services of any of our executive officers or key employees, our ability to effectively manage our operations and implement our strategy could be harmed and our business may suffer.

International expansion is one of our growth strategies, and our potential expansion into international markets may expose our business and operations to additional risks, which could have an adverse effect on our operating results.

While our focus remains on the U.S. market, we intend to continuously explore opportunities globally and further penetrate markets outside of the United States, especially in Europe, Middle East, Southeast Asia, and Africa. Operations in international markets may require us to respond to new and unanticipated regulatory, marketing, sales and other challenges. These efforts may be time-consuming and costly, and there can be no assurance that we will be successful in responding to these and other challenges we may face as we enter and attempt to expand in international markets, including:

- building and managing a highly experienced foreign workforce and overseeing and ensuring the performance of foreign subcontractors;
- difficulties in developing, staffing, and simultaneously managing a large number of varying foreign operations as a result of distance, language, and cultural differences;
- increased travel, infrastructure and legal and compliance costs associated with multiple international locations;
- additional withholding taxes or other taxes on our foreign income, and tariffs or other restrictions on foreign trade or investment;
- imposition of, or unexpected adverse changes in, foreign laws or regulatory requirements;
- increased exposure to foreign currency exchange rate risk;

- longer payment cycles for sales in some foreign countries and potential difficulties in enforcing contracts and collecting accounts receivable;
- difficulties in repatriating overseas earnings;
- compliance with numerous legislative, regulatory or market requirements of foreign countries;
- compliance with international and local laws prohibiting bribery and corrupt payments to government officials;
- laws and business practices that favor local competitors or prohibit foreign ownership of certain businesses;
- potentially adverse tax consequences;
- compliance with laws of foreign countries, international organizations, such as the European Commission, treaties, and other international laws;
- the inability to continue to benefit from local subsidies due to change in control;
- unfavorable labor regulations; and
- general economic conditions in the countries in which we operate.

Our future international operations will also be subject to general geopolitical risks, such as political, social and economic instability, war, incidents of terrorism, changes in diplomatic and trade relations, or responses to such events. One or more of these factors could adversely affect any of our international operations and result in lower revenue and/or greater operating expenses than we expect, and could significantly affect our results of operations and financial condition. Our overall success in international markets will depend, in part, on our ability to succeed in differing legal, regulatory, economic, social and political conditions. We may not be successful in developing and implementing policies and strategies that will be effective in managing these risks in each country where we do business. Our failure to manage these risks successfully could harm our international operations, reduce our international sales and increase our costs, thus adversely affecting our business, financial condition and operating results.

Our business operations may be adversely affected by political, economic and social instability risks, currency restrictions and devaluation, and various local laws associated with doing business in Ethiopia.

We have established a solar cell plant at a leased facility strategically located in Hawassa, Ethiopia and expect to continue to grow our operations there. As such, our business is subject to the various political, social, economic, fiscal and monetary policies and factors that affect companies operating in Ethiopia, which could have a significant effect on our business, financial condition, results of operations and prospects. While Ethiopia is one of the fastest-growing economies in the region, it still remains one of the poorest. The development of Ethiopia's economies and markets are influenced by many factors beyond our control, including consumer perception of current and future economic conditions, employment levels, social and labor unrest due to economic and political factors, inflation or deflation, interest rates, taxation, currency exchange rates and weather conditions. An economic downturn, whether actual or perceived, currency volatility, a decrease in economic growth rates or an otherwise uncertain economic outlook in Ethiopia could have a material adverse effect on our business, financial condition, results of operations and prospects. Additionally, Ethiopia may impose or tighten foreign currency exchange control restrictions, taxes or limitations with regard to repatriation of earnings and investments from the country. If exchange control restrictions, taxes or limitations are imposed or tightened, our ability to receive dividends or other payments from affected jurisdictions could be reduced, which could have an adverse effect on our business, financial condition and results of operations.

Risks Related to Regulations Applicable to TOYO

We are subject to evolving laws, regulations, standards and policies, and any actual or perceived failure to comply could harm our reputation and brand, subject us to significant fines and liability, or otherwise adversely affect our business.

The laws, regulations, standards and policies are continuously evolving. The costs of compliance, including remediation of any discovered issues and any changes to our operations mandated by new or amended laws, may be significant, and any failures to comply could result in additional expenses, delays or fines. As we expand our business into the target markets, we are in the process of reviewing the applicable laws and regulations in each jurisdiction, including required approvals, licenses and permits. Such laws, regulations, standards and policies continue to rapidly change, which increases the likelihood of a patchwork of complex or conflicting regulations, or which could adversely increase our compliance costs or otherwise affect our business.

Our business could be adversely affected by trade tariffs, export control laws or other trade barriers.

Our business could be affected by the imposition of tariffs, export control laws and other trade barriers, which may make it more costly or difficult for us to export our products to the imposing country. We will become subject to additional tariffs, laws and barriers as we enter into new markets. We may experience cost increases as a result of existing or future tariffs, and may not be able to pass on such additional costs to our customers, or otherwise mitigate the costs. In the event that we raise prices to help cover the higher costs, we may face lower demand for our exported products. A violation of export control laws could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal penalties, collateral consequences, remedial measures and legal expenses. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.

Our insurance coverage strategy may not be adequate to protect it from all business risks.

Incorporated in November 2022, we are in an early stage of developing our business. As of the date of this annual report, we have maintained insurance coverages for various risks in relation to our operations, employees and protection against accidents and injuries at our Texas plant. Any imposition of liability could materially and adversely affect our business, results of operations and financial condition. While we plan to purchase relevant insurance policies covering potential losses at other locations, we cannot be certain that our existing and planned insurance coverage will be sufficient to cover all future claims against us and any other business-related risks, including any losses resulting from product defects, fires, natural calamities or acts of God. Any imposition of liability that is not covered by our planned insurance or is in excess of our planned insurance coverage could harm our business operations and results.

We are subject to various environmental, health and safety laws and regulations that could impose substantial costs on us and cause delays in expanding our production facilities.

Our operations are subject to environmental laws and regulations in the jurisdictions where we operate, including laws relating to the use, handling, storage, disposal of and human exposure to hazardous materials. Environmental, health and safety laws and regulations are complex and may require significant time, management attention and costs to ensure continued compliance. Changes in these laws or other new environmental, health and safety laws and regulations may require us to change our operations, potentially resulting in a material adverse effect on our business, financial condition, results of operations, cash flows and prospects. These laws can give rise to liability for administrative oversight costs, cleanup costs, property damage, bodily injury, fines and penalties. Violations of these laws could result in substantial fines and penalties, third-party damages, suspension of production, remedial actions or a cessation of our operations. Contamination at properties we own or operate or properties to which we send hazardous substances, or any noncompliance to environmental protection plans or reports that we have registered with competent authorities may result in liability for us under environmental laws and regulations. Before the construction of the cell plant in Phu Tho Province, Vietnam, we conducted the environmental impact assessment of the phase 1 project and obtained approval from the relevant Vietnamese authority on the environmental impact assessment report on February 9, 2023.

Our operations are also subject to workplace safety laws and regulations, which require compliance with various workplace safety requirements, including requirements related to environmental safety. These laws and regulations can give rise to liability for oversight costs, compliance costs, bodily injury (including workers' compensation), fines, and penalties. Additionally, non-compliance could result in delay or suspension of production or cessation of operations. The costs required to comply with workplace safety laws can be significant, and non-compliance could adversely affect our production or other operations, which could have a material adverse effect on our business, prospects and results of operations.

As we expand into new markets, we will become subject to additional environmental, health and safety laws and regulations. We may incur additional costs to ensure compliance with such laws and regulations, as well as to manage local labor practices.

We may be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws, and noncompliance with such laws can subject us to administrative, civil, and criminal penalties, collateral consequences, remedial measures, and legal expenses, all of which could adversely affect our brand and reputation and our business, financial condition, results of operations, cash flows and prospects.

We are or will be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws and regulations in various jurisdictions in which we conduct or in the future may conduct activities, including the U.S. Foreign Corrupt Practices Act ("FCPA") and other anti-corruption laws and regulations. A violation of these laws or regulations could adversely affect our brand and reputation and business, financial condition, results of operations, cash flows and prospects. We plan to adopt policies and procedures to ensure compliance with these regulations, but such policies and procedures may not be sufficient and our directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible.

Non-compliance with applicable anti-corruption, anti-bribery, anti-money laundering or financial and economic sanctions laws could subject us to whistleblower complaints, adverse media coverage, investigations, contractual breaches, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects. In addition, changes in economic sanctions laws in the future could adversely impact our business and investments in our ordinary shares.

We may be subject to international trade restrictions imposed by various jurisdictions, which can include economic sanctions and export controls imposed by the United States, other target markets of us and our subsidiaries, and other applicable jurisdictions, and the failure of us and our subsidiaries to comply with such restrictions could adversely affect our reputation and results of operations.

We are subject to trade restrictions imposed by governments around the world to the extent that such authorities have jurisdiction over our operations. These restrictions include economic and trade sanctions administered and enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), the U.S. Department of State, the U.S. Department of Defense, and the European Union, export controls administered and enforced by the U.S. Department of Commerce, as well as similar trade restrictions administered and enforced by governmental authorities in our other target markets outside of Vietnam. Such laws and regulations prohibit or restrict certain operations, trade practices, investment decisions, and partnering activities, including dealings with certain countries or territories, and with certain designated persons.

If we fail to comply with applicable trade restrictions, we could be subject to penalties or other remedial measures. In addition, our employees may engage in conduct for which we might be held responsible and expose us to reputational harm. Further, internal or governmental investigations could be expensive and disruptive. We and our subsidiaries cannot assure that the policies and procedures that we plan to implement to promote compliance with applicable trade restrictions will be effective in preventing possible violations.

We are subject to taxation in multiple jurisdictions. Tax laws in these jurisdictions are often complex and require us to make subjective determinations that may be scrutinized by tax regulators.

We are subject to many different forms of taxation in each of our countries of operation, including income tax, withholding tax, property tax, VAT and other payroll-related taxes. Tax law and administration is complex, subject to change and varying interpretations and often requires us to make subjective determinations. Relevant tax authorities in such jurisdictions may not agree with the terminations that are made or the positions taken by us with respect to the application of tax law. Such disagreements could result in lengthy legal disputes, an increased overall tax rate applicable to us and, ultimately, in the payment of substantial amounts of tax, interest and penalties, which could have a material adverse effect on our business, results of operations and financial condition.

Additional tax expenses could accrue in relation to previous or subsequent tax assessment periods, which are still subject to a pending tax audit or have not been subject to a tax audit yet. Tax authorities in relevant jurisdictions could revise original tax assessments and substantially increase the tax burden (including interest and penalty payments) of the relevant entities. They may have the authority to review and adjust net operating loss or tax credit carryforwards that were generated prior to these periods if utilized in an open tax year. These open years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as they relate to the amount, character, timing or inclusion of revenue and expenses or the sustainability of income tax credits for a given audit cycle. The realization of any of these risks could have a material adverse effect on our business, results of operations and financial condition.

Our business operations are subject to the regulatory, economic, environmental, and competitive conditions and changes within the Southeast Asia region.

We may be governed by the laws, regulations and government policies in relevant Southeast Asia jurisdictions where we operate or plan to operate, and our business and future growth is dependent on the political, economic, regulatory and social conditions in these countries. There may also be political and social factors influencing government policy-making in the future that will lead to a major shift towards a higher degree of governmental control over renewable energy industry in the relevant jurisdictions. Such a shift may reduce our profitability in the long run and hence have an adverse effect on our financial condition, results of operations and prospects. In addition, competition laws and regulations of certain Southeast Asia countries may limit our growth and subject us to antitrust and merger control investigations. We may be subject to financial or other penalties or prohibited from engaging in certain types of businesses or practices as a result of such investigations. Any material changes in the regulatory, economic, environmental or competitive conditions in the relevant Southeast Asia countries may also have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Risks Related to Doing Business in Vietnam

The business of TOYO Solar is subject to general legal and political risks for operating a company in Vietnam.

As a company incorporated in Vietnam and having production facilities located in Vietnam, the business of TOYO Solar, TOYO's operating subsidiary, would be exposed to the legal, political, and economic risks of an emerging market and a single-party political system. While the Vietnam regulatory framework is becoming more sophisticated and transparent together with the development of the economy, it is still not yet as well established compared to other developed jurisdictions such as the U.S., the U.K, or Singapore. Many of the laws and regulations of Vietnam are relatively new and remain untested, or still contain ambiguities or lack specific guiding regulations, which may result in uncertainties and limitations in the interpretation and enforcement of the law. The application of the law may also be affected by the political climate from time to time, or local policy in different geographic locations, and therefore, could be unpredictable.

Vietnam's strict regulations on foreign exchange control may limit the flexibility of TOYO Solar to remit funding offshore.

Vietnam has strict regulations on foreign exchange control, which may limit the flexibility for remittance of funding from Vietnam to offshore. While Vietnamese laws generally allow a foreign invested enterprise such as TOYO Solar to purchase foreign currency at a licensed bank in Vietnam to remit dividends or other distributions of TOYO Solar offshore, such remittance is subject to a number of requirements, including fulfillment of tax and other financial obligations and satisfying conditions for dividend distribution. Besides, all inward contribution and outward payment relating to the investment in TOYO Solar must be made through a specialized investment account opened at a licensed bank in Vietnam for the purpose of tracking the cash flow and controlling foreign exchange risks. Supporting documents proving the legitimate purpose of the remittance and satisfaction of conditions for such remittance will be requested by the account bank and the request may vary depending on the relevant account bank.

In circumstances where a transaction is “suspicious” and there is reason to believe that it relates to criminal activity, the banks are obliged to suspend the transaction and report it to the State Bank of Vietnam. While the risk of TOYO Solar not being able to freely remit its revenues, dividends and other distributions offshore to SinCo is low under the current foreign exchange regulations, there is no certainty as to whether more stringent policy will be introduced and adopted in the future.

The business of TOYO Solar may be affected by Vietnam regulations and policy on renewable energy.

There is no single consolidated law for investing in renewable power projects in Vietnam. Therefore, investment in the renewable power sector must comply with a number of laws and regulations, including the national power development plan, which may change from time to time. The latest plan was recently issued May 2023 covering the period covering the period 2021-2030 with a vision to 2050.

Currently, Electricity Vietnam (EVN) and its subsidiaries have the monopoly over the transmission and distribution of electricity in Vietnam, and act as the only wholesale purchasers of electricity from generators. Renewable energy generators and EVN must negotiate and conclude their power purchase agreements on the basis of the standard agreement forms provided by law and market information suggests that EVN does not entertain negotiation outside the template. EVN is required to purchase the power generated by renewable energy projects at the feed-in tariff set by law (FiT). However, the previous FiT has expired while regulation on new FiT is still pending, leading to a temporary suspension period of new renewable energy projects in Vietnam.

If TOYO Solar is to conduct solar power projects in Vietnam, it would be subject to the above risks.

TOYO Solar is subject to Vietnam employment regulations which are generally pro-employees.

Vietnam's regulations on employment provide high protection for employees and in generally, it is quite difficult for the employer to unilaterally terminate employment contracts with existing employees. This may limit TOYO Solar's flexibility in using and managing its employees. TOYO Solar is also required to contribute social insurance for its employees, failure of which may subject to the company to administrative penalties and there could be criminal liability in case of repeated violation after having been imposed administrative sanction.

Besides, foreign employees are required to obtain work permit or work permit exemption when working in Vietnam, failure of which (if required) may result in monetary fines to the company and forced exit of the foreign employees from Vietnam. Currently, TOYO Solar has a number of Chinese employees who are still in the process of obtaining work permit.

TOYO Solar relies on third-party suppliers for imported component parts and raw materials, and there is a risk that these suppliers may not meet TOYO Solar delivery schedule.

TOYO Solar relies on third-party suppliers for key components and raw materials, including anode and cathode material, polysilicon and silicon wafers. These suppliers may face delivery failures or component shortages due to various factors beyond TOYO Solar's control, such as price fluctuations and global demand for these materials. Further, TOYO Solar currently imports a portion of the components of its solar cells from China which may expose it to potential risks in cases there are changes in the political relationship between Vietnam and China. The import of materials is also required to follow procedures and regulations on import and export of Vietnam. Besides, if TOYO Solar's suppliers are unable to provide components and raw materials or experience delays, it could disrupt TOYO Solar's business, including their ability to meet scheduled product deliveries. In the future, TOYO Solar may import the components of its products from areas outside of China. However, any failure or delay in TOYO Solar finding a replacement supplier of comparable quality may lead to delays or increased costs for production.

Bankruptcy proceedings in Vietnam may be time-consuming and ineffective.

Vietnamese bankruptcy law is generally consistent with the international framework. However, despite the adoption of the law on bankruptcy since 2015, it has not been widely used in practice. Most bankruptcy cases so far suggest that it could be a prolonged and complicated process, where many creditors and judicial parties are involved. In fact, formal bankruptcy process has not been an effective tool for creditors to deal with potential insolvent debtors because Vietnamese courts generally have a high bar of proof in respect of bankruptcy petitions and bankruptcy proceedings can unpredictable and lengthy.

Foreign arbitral awards and/or court judgment may be difficult to enforce in Vietnam.

A foreign arbitration award is enforceable in Vietnam in accordance with the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards to which Vietnam is a party. However, such enforcement will be subject to the recognition and approval by the Vietnamese courts. Although there has been significant increase in the success rate of enforcement petitions in recent years, limited precedents to date indicate that enforcement of foreign arbitral awards can be a difficult and time-consuming process in Vietnam. Vietnamese courts may refuse the enforcement on technical grounds or on grounds that the recognition and enforcement of the foreign judgment in Vietnam is “contrary to the fundamental principles of Vietnamese laws.” In practice, “the fundamental principles of Vietnamese law” has been construed to require compliance with the substantive laws of Vietnam and the relevant court of Vietnam may review issues *de novo*.

A foreign court judgment can only be enforced in Vietnam in very limited circumstances. By law, the Vietnamese court shall consider the recognition and enforcement of a foreign court’s judgment (i) on the basis of an international treaty between Vietnam and the relevant court’s country or (ii) on a “reciprocal basis” if no international treaty is available.

There is no international treaty on recognition and enforcement of court judgments between Vietnam and the U.S., the UK or other developed common law jurisdictions. Therefore, enforcement of judgments of the U.S. court can only be conducted on a “reciprocal basis” which will largely depend on the discretion of the Vietnamese court.

Recent new Vietnam regulations on lending and data protection may create difficulties in fund raising and business expansion of TOYO Solar.

The Government of Vietnam has recently issued the first ever consolidated regulation on data protection, which seeks to strengthen rules on the collection, processing, and transfer of personal data. A number of new rules have been introduced, including requirements on conducting and submitting to the authority an impact assessment on the process of personal data, or appointing an internal personnel in charge of personal data protection, which may impact the business operation and data collection or processing process of TOYO Solar. To date, these regulations are still relatively new and the application of each is still unclear in practice.

In 2022 and 2023, the Government and the State Bank of Vietnam have also issued a number of new regulations to tighten control over the permitted use for both onshore and offshore lending, and have imposed more stringent conditions and requirements for private issuance of bonds. This may create more difficulties in fund raising and business expansion of Vietnamese enterprises, including TOYO Solar.

Risks Related to Our Securities

The price of TOYO securities may be volatile, and the value of TOYO securities may decline.

We cannot predict the prices at which our securities will trade. The price of our securities may not bear any relationship to the market price at which our securities are trading or to any other established criteria of the value of our business and prospects, and the market price of our securities may fluctuate substantially. In addition, the trading price of our securities could be subject to fluctuations in response to various factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of your investment in our securities as you might be unable to sell these securities at or above the price you purchased. Factors that could cause fluctuations in the trading price of our securities include the following:

- actual or anticipated fluctuations in our financial condition or results of operations;
- variance in our financial performance from expectations of securities analysts;
- changes in our projected operating and financial results;
- changes in laws or regulations applicable to our business;
- announcements by us or our competitors of significant business developments, acquisitions or new offerings;
- sales of our securities by us, our shareholders or our warrant holders, as well as the anticipation of lockup releases;
- significant breaches of, disruptions to or other incidents involving our information technology systems or those of our business partners;
- our involvement in litigation;
- conditions or developments affecting the solar power industry in our major markets;
- changes in senior management or key personnel;
- the trading volume of our securities;
- changes in the anticipated future size and growth rate of our markets;
- publication of research reports or news stories about us, our competitors or our industry, or positive or negative recommendations or withdrawal of research coverage by securities analysts;
- general economic and market conditions; and
- other events or factors, including those resulting from war, incidents of terrorism, global pandemics (such as COVID-19), currency fluctuations, natural disasters or responses to these events, including with respect to potential operational disruptions, labor disruptions, increased costs, and impacts to demand related thereto.

These broad market and industry fluctuations may adversely affect the market price of our securities, regardless of our actual operating performance. In addition, price volatility may be greater if the public float and trading volume of our securities are low.

The sale of a significant number of the Ordinary Shares or other equity securities in the public market, or the perception that such sales may occur, could materially and adversely affect the market price of TOYO's securities. These factors could also materially impair TOYO's ability to raise capital through equity offerings in the future.

Furthermore, employees, consultants and directors of TOYO Solar are expected to be granted equity awards under the TOYO ESOP. You will experience additional dilution when those equity awards and purchase rights become vested and settled or exercised, as applicable, for Ordinary Shares. Sales of Ordinary Shares by holders after the vesting of awards or holders of options who have exercised their options under any incentive plan that TOYO may in the future implement could also cause the price of the Ordinary Shares to fall.

Warrants will become exercisable for Ordinary Shares, which will increase the number of shares eligible for future resale in the public market and result in dilution to our shareholders.

As of the date of this annual report, TOYO had Warrants to purchase an aggregate of 4,970,007 Ordinary Shares. Each Warrant entitles the holder thereof to purchase one Ordinary Share at a price of \$11.50 per whole share, subject to adjustment. Warrants may be exercised only for a whole number of Ordinary Shares. On February 26, 2025, TOYO also issued certain warrants to AUM Media Inc. exercisable for 50,000 Ordinary Shares at an exercise price of \$5.50 per share for a period of three years till February 26, 2028 (the “AUM Warrants”). To the extent such Warrants or AUM Warrants are exercised, additional Ordinary Shares will be issued, which will result in dilution to the then-existing holders of Ordinary Shares and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market could adversely affect the market price of Ordinary Shares.

A market for our securities may not develop or be sustained, which would adversely affect the liquidity and price of our securities.

The price of our securities may fluctuate significantly due to general market and economic conditions. An active trading market for our securities may never develop or, if developed, may not be sustained. In addition, the price of our securities may vary due to general economic conditions and forecasts, our general business condition and the release of our financial reports. Additionally, as TOYO’s Warrants are not listed on Nasdaq and are currently trading on the OTC Bulletin Board (an inter-dealer automated quotation system for equity securities that is not a national securities exchange), the liquidity and price of our securities may be more limited than if we were quoted or listed on the Nasdaq or another national securities exchange. You may be unable to sell your securities unless a market can be established or sustained.

If we do not meet the expectations of equity research analysts, if they do not publish research reports about our business or if they issue unfavorable commentary or downgrade our securities, the price of our securities could decline.

The trading market for our securities will rely in part on the research reports that equity research analysts publish about us and our business. The analysts’ estimates are based upon their own opinions and are often different from our estimates or expectations. If our results of operations are below the estimates or expectations of equity research analysts and investors, the price of our securities could decline. Moreover, the price of our securities could decline if one or more equity research analysts downgrade our securities or if those analysts issue other unfavorable commentary or cease publishing reports about us or our business.

Our issuance of additional share capital in connection with financings, acquisitions, investments, our equity incentive plans or otherwise will dilute all other shareholders.

We expect to issue additional share capital in the future that will result in dilution to all other shareholders. We expect to grant equity awards to key employees under our equity incentive plans. We may also raise capital through equity financings in the future. As part of our business strategy, we may acquire or make investments in companies, solutions or technologies and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional share capital may cause shareholders to experience significant dilution of their ownership interests and the per share value of Ordinary Shares to decline.

We do not intend to pay dividends for the foreseeable future, and as a result, your ability to achieve a return on your investment will depend on appreciation in the price of Ordinary Shares.

We do not intend to pay any cash dividends in the foreseeable future, and any determination to pay dividends in the future will be at the discretion of our board of directors. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends from future earnings for the foreseeable future. In addition, our ability to pay dividends is limited by our indebtedness and may be limited by covenants of any future indebtedness we incur. Our board of directors has complete discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from the operating entities, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our ordinary shares will likely depend entirely upon any future price appreciation of our ordinary shares. There is no guarantee that our ordinary shares will appreciate in value after this offering or even maintain the price at which you purchased the ordinary shares. You may not realize a return on your investment in our ordinary shares and you may even lose your entire investment in our ordinary shares.

We are an “emerging growth company,” and we cannot be certain if the reduced reporting and disclosure requirements applicable to emerging growth companies will make our securities less attractive to investors.

We are an “emerging growth company,” as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,” including the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The combined company does not intend to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, the combined company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the combined company’s financial statements with certain other public companies difficult or impossible because of the potential differences in accounting standards used.

We are an “emerging growth company” as defined in the JOBS Act. We will remain an “emerging growth company” until the earliest to occur of (i) the last day of the fiscal year (a) following the fifth anniversary of the Closing Date, (b) in which we have total annual gross revenue of at least \$1.235 billion or (c) in which we are deemed to be a large accelerated filer, which means the market value of Ordinary Shares held by non-affiliates exceeds \$700 million as of the last business day of our prior second fiscal quarter, we have been subject to Exchange Act reporting requirements for at least 12 calendar months; and filed at least one annual report, and (ii) the date on which we issued more than \$1.0 billion in non-convertible debt during the prior three-year period. We intend to take advantage of exemptions from various reporting requirements that are applicable to most other public companies, whether or not they are classified as “emerging growth companies,” including, but not limited to, an exemption from the provisions of Section 404(b) of the Sarbanes-Oxley Act requiring that our independent registered public accounting firm provide an attestation report on the effectiveness of its internal control over financial reporting and reduced disclosure obligations regarding executive compensation. We cannot predict if investors will find our securities less attractive if we choose to rely on these exemptions. If some investors find our securities less attractive as a result, there may be a less active trading market for our securities, and the price of our securities may be more volatile.

We are a foreign private issuer, and as a result, we are not subject to U.S. proxy rules and will be subject to Exchange Act reporting obligations that, to some extent, are more lenient and less frequent than those of a U.S. domestic public company.

We report under the Exchange Act as a non-U.S. company with foreign private issuer status. Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including, among others, (1) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act, (2) the sections of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and liability for insiders who profit from trades made in a short period of time, and (3) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information. In addition, foreign private issuers are not required to file their annual report on Form 20-F until 120 days after the end of each fiscal year, while U.S. domestic issuers that are accelerated filers are required to file their annual report on Form 10-K within 75 days after the end of each fiscal year, and U.S. domestic issuers that are large accelerated filers are required to file their annual report on Form 10-K within 60 days after the end of each fiscal year. As a result of all of the above, you may not have the same protections afforded to shareholders of a company that is not a foreign private issuer.

As we are a “foreign private issuer” and intend to follow certain home country corporate governance practices, our shareholders may not have the same protections afforded to shareholders of companies that are subject to all Nasdaq corporate governance requirements.

As a foreign private issuer, we have the option to follow certain home country corporate governance practices rather than those of Nasdaq, provided that we disclose the requirements we are not following and describe the home country practices we are following. We intend to rely on this “foreign private issuer exemption” with respect to Nasdaq rules for shareholder meeting quorums and shareholder approval requirements. We may in the future elect to follow home country practices with regard to other matters. As a result, our shareholders may not have the same protections afforded to shareholders of companies that are subject to all Nasdaq corporate governance requirements.

We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.

As discussed above, we are a foreign private issuer, and therefore, we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act. The determination of foreign private issuer status is made annually on the last business day of an issuer’s most recently completed second fiscal quarter. In the future, we would lose our foreign private issuer status if (1) more than 50% of our outstanding voting securities are owned by U.S. residents and (2) a majority of our directors or executive officers are U.S. citizens or residents, a majority of our assets are located in the U.S., or our business is administered principally in the U.S. If we lose our foreign private issuer status, we will be required to file with the SEC periodic reports and registration statements on U.S. domestic issuer forms, which are more detailed and extensive than the forms available to a foreign private issuer. We will also have to mandatorily comply with U.S. federal proxy requirements, and our officers, directors and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. In addition, we will lose our ability to rely upon exemptions from certain corporate governance requirements under the listing rules of Nasdaq. A U.S.-listed public company that is not a foreign private issuer will incur significant additional legal, accounting and other expenses that a foreign private issuer will not incur.

We will incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to compliance with our public company responsibilities and corporate governance practices.

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company, which we expect to further increase after we are no longer an “emerging growth company.” The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of Nasdaq, and other applicable securities rules and regulations impose various requirements on public companies. Our management and other personnel are not experienced in managing a public company and will be required to devote a substantial amount of time to comply with these requirements. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. We cannot predict or estimate the amount of additional costs we will incur as a public company or the specific timing of such costs.

As a result of being a public company, we are obligated to develop and maintain proper and effective internal controls over financial reporting, and any failure to maintain the adequacy of these internal controls may adversely affect investor confidence in our company and, as a result, the value of our securities.

We are required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. In addition, our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting in our first annual report required to be filed with the SEC following the date we are no longer an “emerging growth company.”

Our current internal controls and any new controls that we develop may become inadequate because of changes in conditions in our business. In addition, changes in accounting principles or interpretations could also challenge our internal controls and require that we establish new business processes, systems and controls to accommodate such changes. Additionally, if these new systems, controls or standards and the associated process changes do not give rise to the benefits that we expect or do not operate as intended, it could materially and adversely affect our financial reporting systems and processes, our ability to produce timely and accurate financial reports or the effectiveness of our internal control over financial reporting. Moreover, our business may be harmed if we experience problems with any new systems and controls that result in delays in their implementation or increased costs to correct any post-implementation issues that may arise.

During the evaluation and testing process of our internal controls, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to certify that our internal control over financial reporting is effective. We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition or results of operations. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines that we have a material weakness or significant deficiency in our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our securities could decline, and we could be subject to sanctions or investigations by the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

The growth and expansion of our business places a continuous, significant strain on our operational and financial resources, and our internal controls and procedures may not be adequate to support our operations. As we continue to grow, we may not be able to successfully implement requisite improvements to these systems, controls and processes, such as system access and change. The growth and expansion of our business places a continuous, significant strain on our operational and financial resources. Further growth of our operations to support our customer base, our information technology systems and our internal controls and procedures may not be adequate to support our operations. As we continue to grow, we may not be able to successfully implement requisite improvements to these systems, controls and processes, such as system access and change management controls, in a timely or efficient manner. Our failure to improve our systems and processes, or their failure to operate in the intended manner, whether as a result of the growth of our business or otherwise, may result in our inability to accurately forecast our revenue and expenses, or to prevent certain losses. Moreover, the failure of our systems and processes could undermine our ability to provide accurate, timely and reliable reports on our financial and operating results and could impact the effectiveness of our internal control over financial reporting. In addition, our systems and processes may not prevent or detect all errors, omissions or fraud.

We have identified material weaknesses in our internal control over financial reporting. In the event of any failure to maintain an effective system of disclosure controls and internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, holders of Ordinary Shares could lose confidence in our financial and other public reporting, which is likely to negatively affect our business and the market price of Ordinary Shares.

Prior to the Closing Date, we had been a private company with limited accounting personnel and other resources with which to address our internal controls and procedures. Our management has not completed an assessment of the effectiveness of our internal control over financial reporting and our independent registered public accounting firm has not conducted an audit of our internal control over financial reporting.

In connection with the audit of our financial statements as of December 31, 2025, and for the year ended December 31, 2025, we have identified material weaknesses in our internal controls over financial reporting, which we have a plan to further address. A material weakness is a deficiency, or a combination of deficiencies, in internal controls over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses identified relate to (i) our lack of sufficient and competent financial reporting and accounting personnel with appropriate knowledge of U.S. GAAP and reporting requirements set forth by the SEC to address complex U.S. GAAP technical accounting issues, and to prepare and review consolidated financial statements and related disclosures in accordance with U.S. GAAP and SEC reporting requirements; (ii) our lack of formal internal control policies and internal independent supervision functions to establish formal risk assessment process and internal control framework, and (iii) our lack of proper IT policies and procedures developed for system change management, user access management and backup management.

Furthermore, it is possible that, had our independent registered public accounting firm conducted an audit of our internal control over financial reporting, such firm might have identified additional material weaknesses and deficiencies. We plan to adopt measures to improve our internal controls over financial reporting, including, among others: (i) hiring additional finance and accounting staff with qualifications and work experiences in U.S. GAAP and SEC reporting requirements to formalize and strengthen key internal controls over financial reporting; (ii) design and formalizing internal control policies, ensuring clear segregation of duties, and implement a structured risk assessment process. Developing a comprehensive internal control framework that includes regular monitoring, clear accountability, and periodic reviews to enhance transparency and mitigate potential risks; and (iii) regularly conducting checks on the IT software we utilize to ensure its proper functionality, and arranging training sessions for our IT staff. However, the implementation of these measures may not fully address these deficiencies in our internal control over financial reporting, and we cannot conclude that they have been fully remediated. Our failure to correct these deficiencies or failure to discover and address any other deficiencies could result in inaccuracies in our financial statements and impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. Moreover, ineffective internal control over financial reporting could significantly hinder our ability to prevent fraud.

We do not intend to make any determinations on whether we or our non-U.S. subsidiaries are controlled foreign corporations for U.S. federal income tax purposes.

We do not intend to make any determinations on whether we or any of our subsidiaries are treated as “controlled foreign corporations” within the meaning of Section 957(a) of the Code (“CFCs”), or whether any U.S. Holder of Ordinary Shares is treated as a “United States shareholder” within the meaning of Section 951(b) of the Code with respect to any such CFC. We do not expect to furnish to any U.S. Holder of Ordinary Shares information that may be necessary to comply with applicable reporting and tax paying obligations with respect to CFCs. The IRS has provided limited guidance regarding the circumstances in which investors may rely on publicly available information to comply with their reporting and taxpaying obligations with respect to CFCs. U.S. Holders of Ordinary Shares should consult their tax advisors regarding the potential application of these rules to their particular circumstances.

If we or any of our non-U.S. subsidiaries are characterized as a passive foreign investment company for U.S. federal income tax purposes, U.S. Holders (as defined below) may suffer adverse U.S. federal income tax consequences.

A non-U.S. corporation generally will be treated as a passive foreign investment company (“PFIC”) for U.S. federal income tax purposes, in any taxable year if either (1) at least 75% of its gross income for such year is passive income or (2) at least 50% of the value of its assets (generally based on an average of the quarterly values of the assets) during such year is attributable to assets that produce or are held for the production of passive income. We do not believe we will be treated as a PFIC for the taxable year that includes the Merger; however, there can be no assurances in this regard or any assurances that we will not be treated as a PFIC in any future taxable year. Moreover, the application of the PFIC rules is subject to uncertainty in several respects, and we cannot assure you that the Internal Revenue Service (the “IRS”) will not take a contrary position or that a court will not sustain such a challenge by the IRS.

Whether we or any of our non-U.S. subsidiaries are a PFIC for any taxable year is a factual determination that depends on, among other things, the composition of our income and assets, our market value and the market value of our subsidiaries’ shares and assets. Changes in our composition, the composition of our income or the composition of any of our non-U.S. subsidiaries assets may cause us to be or become a PFIC for the current or subsequent taxable years. Whether we are treated as a PFIC for U.S. federal income tax purposes is a factual determination that must be made annually at the close of each taxable year and, thus, is subject to significant uncertainty.

If we are a PFIC for any taxable year, a U.S. Holder of our ordinary shares may be subject to adverse tax consequences and may incur certain information reporting obligations. U.S. Holders of our ordinary shares are strongly encouraged to consult their own advisors regarding the potential application of these rules to us and the ownership of our ordinary shares.

We may be subject to securities litigation, which is expensive and could divert management attention.

The market price of our securities may be volatile and, in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert management's attention from other business concerns, which could seriously harm our business.

Our corporate actions that require shareholder approval will be substantially controlled by its controlling shareholder, who will have significant influence over such matters, and their interests may not be aligned with the interest of other shareholders.

As of the date of this annual report, Mr. Junsei Ryu, our former chief executive officer and chairman of the board of directors, controls 80% of our issued and outstanding ordinary shares. For so long as Mr. Junsei Ryu continues to control shares representing a majority of our voting power, it will generally be able to determine the outcome of all corporate actions requiring shareholder approval, and control or exert significant influence on the composition of the board of directors. Junsei Ryu's interests may not be aligned with the interests of other shareholders of TOYO. We might be prevented from entering into transactions that could be beneficial to us without the consent of Junsei Ryu. This concentration of voting power may also discourage, delay or prevent a change in control of TOYO, which could deprive shareholders of an opportunity to receive a premium for the Ordinary Shares as part of a sale of TOYO and may significantly reduce the price of Ordinary Shares.

You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited as TOYO is incorporated under the law of the Cayman Islands. TOYO conducts substantially majority of its operations, and a majority of its directors and executive officers reside, outside of the United States.

TOYO is an exempted company incorporated under the laws of the Cayman Islands and conducts a portion of its operations through its subsidiary, TOYO Solar, outside the United States. Substantially majority of our assets are located outside of the United States, although, in November 2024, we acquired TOYO Solar Texas LLC, formerly named as Solar Plus Technology Texas LLC, a Texas limited liability company, with a leased facility located in Texas, which commenced the commercial production of solar module in October 2025. A majority of our officers and directors reside outside the United States and a portion of the assets of those persons are located outside of the United States. As a result, it could be difficult or impossible for you to bring an action against us or against these individuals outside of the United States in the event that you believe that your rights have been infringed upon under the applicable securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands could render you unable to enforce a judgment against our assets or the assets of our directors and officers.

In addition, our corporate affairs are governed by our memorandum and articles of association, the Cayman Companies Act and the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law may not be as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a different body of securities laws than the United States. Some U.S. states, such as Delaware, may have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records or to obtain copies of register of members of these companies (other than the memorandum and articles of association, the registers of mortgages and charges, and copies of any special resolutions passed by the shareholders of such companies). The Registrar of Companies of the Cayman Islands shall make available the list of the names of the current directors of the Company (and where applicable the current alternate directors of the Company) for inspection by any person upon payment of a fee by such person. Our directors will have discretion under the amended and restated memorandum and articles of association of TOYO to determine whether or not, and under what conditions, our corporate records may be inspected by its shareholders, but we are not obliged to make them available to the shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder to motion or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from requirements for companies incorporated in other jurisdictions such as the United States. To the extent we choose to follow home country practice with respect to corporate governance matters, its shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers.

As a result of all of the above, our shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States.

We are a “controlled company” within the meaning of the Nasdaq listing rules and, as a result, may rely on exemptions from certain corporate governance requirements that provide protection to shareholders of other companies. If TOYO relies on these exemptions, you will not have the same protections afforded to shareholders of companies that are subject to such requirements.

Mr. Junsei Ryu, our former chief executive officer and chairman of the board of directors, controls approximately 80% of the aggregate voting power of our total issued and outstanding share capital, without taking into account of potential source of dilution. As a result, we are a “controlled company” within the meaning of applicable Nasdaq listing rules. Under these rules, a company of which more than 50% of the voting power for the election of directors is held by an individual, group or another company is a “controlled company.” For so long as TOYO remains a “controlled company,” it may elect not to comply with the following corporate governance requirements:

- that a majority of the board of directors consists of independent directors;
- that it has a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities; and
- that it has a compensation committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibility.

We expect to exempt from the requirements that a majority of the board of directors consists of independent directors, and that each of the nominating and corporate governance committee and the compensation committee is composed entirely of independent directors. As a result, you may not have the same protections afforded to shareholders of companies that are subject to all of the Nasdaq corporate governance requirements.

Cayman Islands economic substance requirements may have an effect on our business and operations.

Pursuant to the International Tax Cooperation (Economic Substance) Act, 2018 of the Cayman Islands (the “ES Act”), that came into force on January 1, 2019, a “relevant entity” conducting a “relevant activity” is required to satisfy the economic substance test set out in the ES Act. A “relevant entity” includes an exempted company incorporated in the Cayman Islands as TOYO. There are nine designated “relevant activities” under the ES Act, and for so long as TOYO is carrying on activities which fall within any of the designated relevant activities, it shall comply with all applicable requirements under the ES Act. If the only business activity that TOYO carries on is to hold equity participation in other entities and only earns dividends and capital gains, then based on the current interpretation of the ES Act, TOYO is a “pure equity holding company” and will therefore only be subject to the minimum substance requirements, which require TOYO to (i) comply with the all applicable requirements under the Cayman Companies Act and (ii) have adequate human resources and adequate premises in the Cayman Islands for holding and managing equity participations in other entities. However, there can be no assurance that TOYO will not be subject to more requirements under the ES Act. Uncertainties over the interpretation and implementation of the ES Act may have an adverse impact on our business and operations.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

The legal name of the Company is TOYO Co., Ltd. The Company was incorporated as an exempted company limited by shares under the laws of Cayman Islands on May 16, 2023, solely for the purpose of effectuating the Business Combination. The Company has been the consolidating entity for purposes of TOYO Solar's financial statements since the consummation of the Pre-Merger Reorganization.

TOYO Solar Company Limited, formerly named as Vietnam Sunergy Cell Company Limited ("TOYO Solar") was incorporated on November 8, 2022 as a limited liability company established under the laws of the Socialist Republic of Vietnam ("Vietnam") and a solely owned subsidiary of VSUN. TOYO Solar was an early-stage company incorporated to separate the solar cell and module production businesses from VSUN, its affiliate and a majority-owned subsidiary of Fuji Solar. TOYO Solar is committed to becoming a reliable integrated service solar solutions provider in the United States and globally, integrating the upstream production of wafer and silicon, midstream production of solar cell, downstream production of photovoltaic (PV) modules, and potentially other stages of the solar power supply chain.

On April 26, 2023, TOPTOYO INVESTMENT PTE. LTD. ("SinCo"), was incorporated as a Singapore private company limited by shares and a wholly owned subsidiary of Fuji Solar for the of effectuating the Business Combination.

In connection with the Business Combination, as a result of the Pre-Merger Reorganization, SinCo has become a wholly owned subsidiary of TOYO, and TOYO Solar has become a direct wholly-owned subsidiary of SinCo. TOYO has been the consolidating entity for purposes of TOYO Solar's financial statements since the consummation of the Pre-Merger Reorganization. Following the consummation of the Pre-Merger Reorganization, BWAQ merged with and into Merger Sub, with Merger Sub continuing as the surviving company, as a result of which, among other things, all of the issued and outstanding securities of BWAQ immediately prior to the Merger Effective Time were no longer be outstanding and were automatically be cancelled, in exchange for the right of the holders thereof to receive substantially equivalent securities of TOYO, in each case, upon the terms and subject to the conditions set forth in the Business Combination Agreement and in accordance with the provisions of the Companies Act (Revised) of the Cayman Islands and other applicable laws. On December 31, 2024, Merger Sub was struck from the Registrar of Companies of the Cayman Islands and dissolved accordingly.

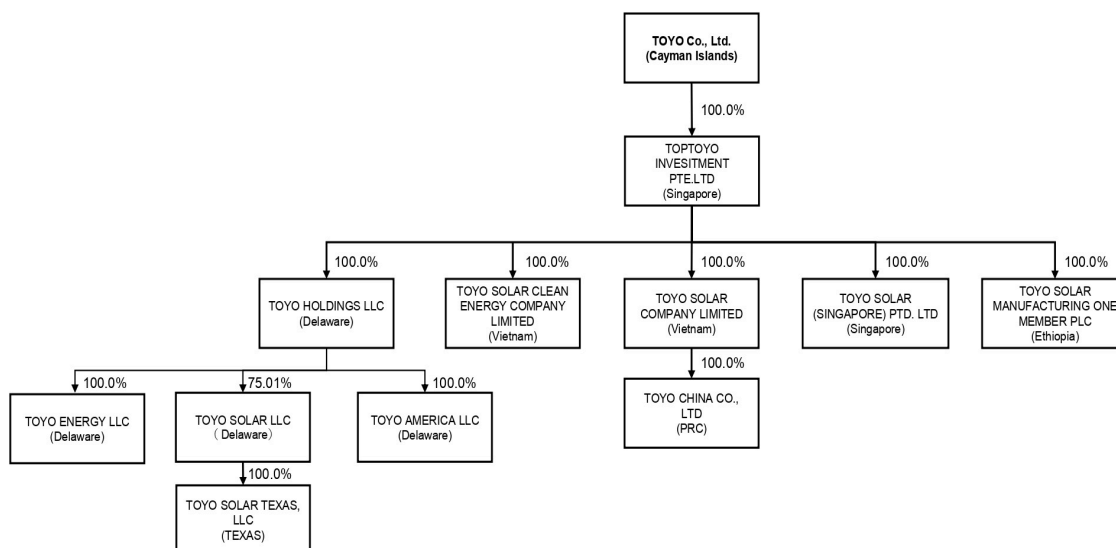
In July 2024, the Business Combination was completed, upon which "TOYO Co., Ltd", an exempted company under the laws of Cayman Islands, became the ultimate corporate parent of our group. The Ordinary Shares are traded on the Nasdaq under the symbol "TOYO." The Warrants are traded on the OTC Markets under symbol "TOYWF."

To facility the operations and business development plan, TOYO has established the following subsidiaries:

- (1) TOYO CHINA CO., LTD. ("TOYO China") was incorporated on November 20, 2023 in China, as a wholly owned subsidiary of TOYO Solar. TOYO China's principal business is sales of solar cells and solar modules and related businesses.
- (2) TOYO Holdings LLC ("TOYO Holdings US") was formed on June 25, 2024 in Delaware, as a wholly owned subsidiary of SinCo. TOYO Holdings US is a holding company.
- (3) TOYO America LLC ("TOYO America") was formed on August 26, 2024 in Delaware, as a wholly owned subsidiary of TOYO Holdings US. TOYO America is expected to become a solar panel manufacturer.
- (4) TOYO Solar LLC ("TOYO Solar US") was formed on August 26, 2024 in Delaware, as a wholly owned subsidiary of TOYO Holdings US. TOYO Solar US is expected to become a trading company to sell solar panel in the U.S.
- (5) TOYO SOLAR (SINGAPORE) PTD. LTD ("TOYO SOLAR SGP") was incorporated on August 14, 2024 in Singapore, as a wholly owned subsidiary of SinCo. TOYO SOLAR SGP is established to facilitate the sale of the solar panel.
- (6) TOYO SOLAR MANUFACTURING ONE MEMBER PRIVATE LIMITED COMPANY ("TOYO SOLAR PLC") was incorporated on October 8, 2024 in Ethiopia, as a wholly owned subsidiary of SinCo.
- (7) TOYO ENERGY LLC ("TOYO SOLAR PLC") was incorporated on April 21, 2025 in Delaware, as a wholly owned subsidiary of TOYO Holdings US.
- (8) TOYO SOLAR CLEAN ENERGY COMPANY LIMITED ("TOYO SOLAR CLEAN ENERGY") was incorporated on December 5, 2025 in Vietnam as a limited liability company and is a wholly owned subsidiary of SinCo.

On November 25, 2024, TOYO Solar Texas LLC, formerly named as Solar Plus Technology Texas LLC, a Texas limited liability company ("Solar Texas LLC") became a wholly owned subsidiary of TOYO Solar US pursuant to the Membership Interest Purchase Agreement, and TOYO Holdings US, holding 75.01% of the membership interests of TOYO Solar US. As of the date of this annual report, Solar Texas LLC has completed the phase 1 construction and completed the construction for 1GW capacity and commence commercial production in October 2025 at the Texas Facility.

The following charts summarize our corporate legal structure and identify our subsidiaries as of the date of this annual report. Our principal subsidiaries are also set forth in Exhibit 8.1 to this annual report.



Earnout Shares

Pursuant to the Business Combination Agreement, an aggregate of 13,000,000 Ordinary Shares held by the Sellers (the “Earnout Shares”), were deposited with an escrow agent in a segregated escrow account (the “Earnout Escrow Account”) and will be released from the Earnout Escrow Account and delivered to the Sellers as follows:

- (a) Following the Merger, if the net profit of TOYO for the fiscal year ending December 31, 2024 as shown on the audited financial statements of TOYO for the fiscal year ending December 31, 2024 (such net profit, the “2024 Audited Net Profit”) is no less than \$41,000,000, the Earnout Shares shall immediately become vested in full and be released from the Earnout Escrow Account to the Sellers, *pro rata*; and
- (b) If the 2024 Audited Net Profit is less than \$41,000,000, then (X) the portion of the Earnout Shares in number equal to (i) the quotient of (a) the 2024 Audited Net Profit divided by (b) \$41,000,000, multiplied by (ii) 13,000,000 Ordinary Shares, rounded up to the nearest whole number, shall become immediately vested and be released from the Earnout Escrow Account to the Sellers, *pro rata*, and (Y) the remaining portion of the Earnout Shares shall be surrendered or otherwise delivered by the Sellers, *pro rata*, to TOYO for no consideration or nominal consideration and cancelled by TOYO.

TOYO and each of the Sellers agreed that, for the purpose of determining the number of Earnout Shares to be released from the Escrow Account to the Sellers or to be surrendered by the Sellers, such 2024 Audited Net Profit does not consider any accounting adjustments caused by the changes in the fair value of 13,000,000 shares of Earnout Shares during the year ended December 31, 2024. On May 14, 2025, based on the 2024 Audited Net Profit, which excludes changes in the fair value of Earnout Shares, the Company released from the Earnout Escrow Account an aggregate of 1,712,297 Earnout Shares, that were fully vested, and cancelled the remaining 11,287,703 Earnout Shares.

The Company’s registered office is c/o Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands, and the Company’s principal executive office is 16F, Tennoz First Tower, 2-2-4, Higashi-Shinagawa, Shinagawa-ku, Tokyo, Japan 140-0002. The Company’s principal website address is <https://www.toyo-solar.com/#>. We do not incorporate the information contained on, or accessible through, the Company’s websites into this Report, and you should not consider it a part of this Report. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The SEC’s website is www.sec.gov.

B. Business Overview

Our mission is to power the world with green and clean energy.

We are an early-stage company incorporated in November 2022 to separate the solar cell and module production businesses from VSUN, a majority-owned subsidiary of Fuji Solar and our affiliate. We are committed to becoming a reliable integrated service solar solutions provider in the United States and globally, integrating the upstream production of wafer and silicon, midstream production of solar cell, downstream production of photovoltaic (PV) modules, and potentially other stages of the solar power supply chain.

We are headquartered in Japan. Currently, we have established two solar cell plants located in Vietnam and Ethiopia. To date, our cell plant in Vietnam has commenced commercial production since the second half of 2023 and achieved its full 2GW annual capacity. By locating our solar cell production in Vietnam, Southeast Asia and incorporating automatic guided vehicles (AGVs) and TOPCon technology in our cell plant, we are well positioned to produce high quality solar cells at a competitive scale and cost. We may plan to further expand the capacity of our facility in Vietnam, and the management is actively observing and analyzing the recent changes and development in relevant regulations and government policies and environmental conditions and evaluating the construction plan and expects to commence the construction when there is more clarity in the relevant regulations and government policies. We have strategically selected a solar cell plant located in Hawassa, Ethiopia, taking advantage of the country's favorable investment policies, tariff status and ample hydropower supply. Our solar cell plant in Ethiopia has commenced production in April 2025 with 2GW production capacity and expanded the capacity to 4GW in August 2025. We aim to fully utilize our annual solar cell production capacity from Vietnam and Ethiopia, as well as collaborations with some OEMs to fulfill additional orders, and supply our solar cells under the "*TOYO Solar*" brand to our affiliate VSUN and a select group of PV module manufacturers. As of December 31, 2025, we had entered into supply agreements with over 50 third-party solar cell customers and are in active negotiation with several potential customers to supply our solar cells.

We are preparing ourselves for the manufacturing of solar PV modules for sales in the United States, allowing our affiliate VSUN to focus on ex-U.S. PV module markets. Specifically, we have leased a facility located in Texas to accommodate our solar module production. We completed the construction for the first 1GW capacity and commenced production in October 2025. We plan to supply our solar PV modules, initially in collaboration with VSUN, leveraging its experience and certification. Later, we will independently manufacture and supply PV modules under the VSUN brand acquired by us in September 2025. Our module facility in the Houston metropolitan area commenced commercial operations in October 2025. We also plan to continue our collaboration with VSUN to support our PV module supply under VSUN brand based on market demands and our business development. Thereafter, we also plan to construct a solar cell plant in the U.S. at a selected location and continue to be dedicated to becoming a reliable integrated service solar solutions provider in the United States and globally.

VSUN, our affiliate, is a specialized PV modules producer with an established presence and brand recognition in regions including the United States, Europe and Asia. Since the third quarter of 2019, VSUN has been listed by Bloomberg New Energy Finance (NEF) as one of Tier 1 PV module manufacturers. VSUN's solar modules are recognized as the core assets of efficient and reliable PV power stations, which would be beneficial for solar market players who utilize VSUN's solar modules to obtain financing from such banks and financial institutions. In September 2025, TOYO acquired the VSUN brand from VSUN. The acquisition supports TOYO's strategic expansion into the U.S market, complementing its existing manufacturing footprint for solar cells in Vietnam and Ethiopia. We believe that by leveraging VSUN's successful experience and market insights, as well as its strong presence and reputation in the solar industry, we will be able to quickly obtain access to the U.S. market with minimal upfront marketing and brand promotion, and establish ourselves as a trusted PV module supplier in the United States and even globally.

We believe our Japanese-style corporate culture will enable us to strive for and sustain operational excellence. This Japanese-style corporate culture values discipline and a down-to-earth attitude, aligns corporate growth and personal career goals, and encourages employees to be self-driven. Further, we intend to implement the Japanese-style management system which is centered around the manufacturing sites and intended to resolve issues arising from the sites in the most efficient and effective manner. We believe our corporate culture and management style could enable us to quickly grow as an independent entity and achieve our operational objectives.

We are the first Japanese solar cell company listed in the United States, uniquely positioned to combine the U.S. capital markets, Japanese products, brands and management team, as well as Southeast Asia's manufacturing resources, to enhance its competitiveness in the solar industry and become a reliable supplier of quality solar cells and PV modules to the global solar energy community.

Our Market Opportunity

Solar energy is a rapidly growing and attractive source of renewable energy that offers many economic and environmental advantages, according to China Insights Industry Consultancy Limited ("CIC"). Due to the continuous progress of PV power generation technology, the levelized cost of energy (LCOE) of utility-scaled solar PV power generation continues to decrease, which is lower than that of coal power generation, stimulating the rapid growth of the global PV power generation market. Based on the forecast of International Energy Agency (IEA) in 2025, Solar PV is set to become the second largest low-emissions source of electricity generation in the world by 2027, after hydropower.

The solar energy market in the United States is one of the largest solar PV markets globally and continues to grow. However, despite the notable increase in demand, with PV panel imports rising from 5GW in 2018 to 38GW in 2023, according to Bloomberg NEF, domestic production in the United States has not been able to keep up with the expanding demand. Local suppliers only account for approximately 15% of the total solar module demand, indicating a significant supply-demand disparity. This situation has been intensified by the lack of wafer production capacity in 2014 and cell production capacity in 2020. Consequently, there has been no domestic PV cell production since 2021, and solar module production has been limited to around 5GW in 2022, highlighting the constraints faced by local manufacturers, according to CIC.

Manufacturers from Southeast Asia, particularly Malaysia, Vietnam, and Thailand, have emerged as the primary sources of PV panel and cell imports for the United States. These Southeast Asia suppliers not only offer competitive pricing, ample manufacturing capabilities, and the capacity to meet the growing demand for solar cells and solar modules in the U.S. market, but they also benefit from the U.S. government's exemption of Cambodia, Malaysia, Thailand, and Vietnam from antidumping and countervailing duties (AD/CVD). Consequently, approximately 80% of U.S. solar modules are sourced from the exempted countries in 2022, according to National Renewable Energy Laboratory (NREL).

We believe that focusing on the U.S. market will in long run provide abundant opportunities for growth, with the projected cumulative installed capacity of the U.S. solar market reaching over 450GW by 2027, according to CIC. By proactively addressing supply shortages and aligning with clean energy goals through the planned local module plant in the United States, we believe we are capable of navigating the challenges faced by other solar companies and enhancing our market presence. With an unwavering commitment to quality, innovation, and customer satisfaction, we believe we will establish "TOYO Solar" as a recognized global solar solutions provider that can drive sustainable growth.

Our Strengths

We believe that the following strengths contribute to our success and differentiate us from our competitors:

Quality production at competitive scale and cost

Our cell plant in Vietnam has commenced commercial production since the second half of 2023 and achieved its full 2GW annual capacity. We have strategically selected a solar cell plant located in Hawassa, Ethiopia and a solar module plant in Texas, U.S. By locating our cell production in Southeast Asia and incorporating AGVs and TOPCon technology in our cell manufacture, we are well positioned to produce high-quality solar cells at a competitive scale and cost. We expect AGVs to significantly reduce human labor requirement at our plant. We may plan to further increase our solar cell production capacity to provide a reliable integrated service solar solutions, and due to the market conditions and regulations development, we are assessing the timing and venues for our expansion plan. Currently, the management is actively observing and analyzing the recent changes and development in relevant regulations and government policies and environmental conditions and evaluating the construction plan, as well as construction costs and customer demands, and expects to commence the construction when there is more clarity in the relevant regulations and government policies.

Unique access to the U.S. market supported by collaboration with VSUN

We believe that a collaboration with VSUN, our affiliate and strategic partner, will allow us unique access to the U.S. market, which is one of the largest solar PV markets globally and continues to grow. VSUN is a majority-owned subsidiary of Fuji Solar, our affiliate, and a well-established PV module producer in the United States and Southeast Asia as evidenced by its inclusion in Bloomberg NEF's Tier 1 Solar Market List since 2019. We are preparing ourselves for the manufacturing of solar PV modules for sales in the United States, allowing VSUN to focus on ex-U.S. PV module markets. Specifically, we have leased a facility located in Texas to accommodate our solar module production. We completed the construction for the first 1GW capacity and commenced production in October 2025 at the Texas plant. We expect to achieve a total of 2GW solar module production capacity at the Texas plant by the end of 2026. We may plan to further increase our solar cell production capacity, pending the management's analysis and evaluation of regulatory developments, construction costs and customer demands. We plan to supply our solar PV modules, initially in collaboration with VSUN, leveraging its experience and certification. Later, we will independently manufacture and supply PV modules under the VSUN brand acquired by us in September 2025. Our module facility in the Houston metropolitan area commenced commercial operations in October 2025. We also plan to continue our collaboration with VSUN to support our PV module supply under VSUN brand based on market demands and our business development. See "Item 4. Information on The Company – B. Business — Customers and Sales — Existing and Future Arrangements with VSUN" below for more details. This collaboration model allows us to leverage VSUN's experience, market insights, strong presence and reputation in the industry, and to bypass the upfront marketing and brand promotion efforts and smoothly transition from a solar cell supplier to a PV module supplier in the United States and even globally.

Efficiency-driven Japanese style management system

We are in the process of implementing a Japanese-style management system. This system is characterized by three key principles:

- *Factory-Centric Approach.* The management system is centered around the manufacturing sites, ensuring that decisions are made close to where the actual work is being done. This proximity allows for real-time adjustments and improvements, enhancing overall operational efficiency.
- *Rapid Problem-Solving.* The Japanese-style management system is designed to quickly identify and resolve issues that arise on the manufacturing floor. By empowering employees at all levels to contribute to problem-solving, the system ensures that issues are addressed promptly, minimizing disruptions and maintaining productivity.
- *Focus on Quality and Customer Service.* The system places a strong emphasis on production quality and customer service. Rigorous manufacturing standards are upheld to ensure the highest quality of products. Similarly, stringent customer service standards are maintained to ensure customer satisfaction and loyalty.

We believe that our corporate culture and management style could enable us to quickly grow as an independent entity and achieve our operational objectives.

Dedicated management team and a culture of excellence

We have a dedicated and experienced management team with an average of 21 years in the solar industry, which is currently undergoing rapid development and technological advancements. This is further complicated by the uncertainty surrounding U.S. tariff policies with other countries, presenting a stringent test for our management. Our leadership has proven success in various aspects of the solar industry, including:

- ***Market Understanding.*** Our management team has a deep understanding of market trends and consumer needs, enabling us to position our products effectively against competitors.
- ***Production Expertise.*** With hands-on experience in manufacturing, our leadership knows how to optimize production processes, ensuring high-quality products while minimizing costs.
- ***Cost Control.*** Our management has a track record of effective cost management, which is crucial in a competitive and rapidly evolving industry.
- ***Technological Acumen.*** Given the fast-paced technological advancements in the solar industry, our management's expertise in staying ahead of the curve is invaluable.

Our corporate culture that values discipline and a down-to-earth attitude aligns corporate growth with personal career goals and encourages employees to be self-driven. We believe that this unique Japanese-style corporate culture, combined with our management's extensive expertise, will enable us to strive for and sustain operational excellence, setting us apart from our competitors.

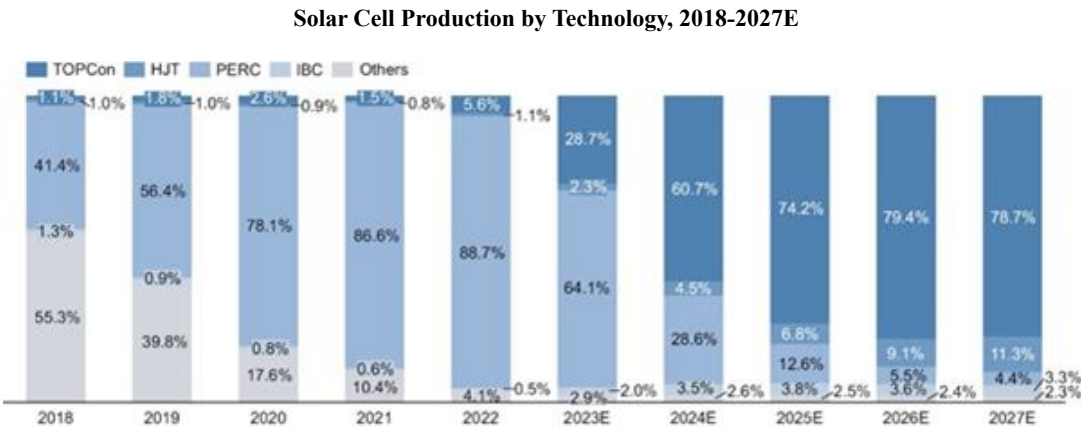
Our Strategies

We intend to achieve our mission and drive the growth of our business by pursuing the following strategies:

- ***Continue to focus on the U.S. market and strive to achieve a leadership position.*** We intend to continue to focus on the U.S. market which, according to CIC, is one of the largest solar PV markets globally and continues to grow. We also intend to continue the construction of our cell plant and our module plant to achieve full production, as well as collaborations with some OEMs to fulfill additional orders, in order to capture the unmet market in the United States and strive to achieve a leadership position in the U.S. market.
- ***Enhance operational efficiency through vertical integration.*** We intend to enhance our operational efficiency by integrating the upstream production of wafer, midstream production of solar cell, and downstream production of PV modules. Specifically, in addition to the cell plants in Vietnam and Ethiopia for the midstream production, we have leased a facility located in Texas to accommodate our solar module production for the downstream production. We believe this integration, once achieved, would further streamline process, reduce costs and improve efficiency for our production.
- ***Extend our global footprint.*** While our focus remains on the U.S. market, we intend to continuously explore opportunities globally and further penetrate markets outside of the United States, especially in Europe, the Middle East, Southeast Asia, and Africa. We believe that a global operation will help us diversify our revenue sources, capture the growth potential in emerging growth markets and manage risks associated with a particular market.
- ***Continue to invest in our technology capabilities.*** We are committed to continually enhancing our technological capabilities by increasing our investment in research and development. We aim to expand our research and development team by specifically targeting top engineering talents with a background in solar energy. We believe that recruiting engineers with specialized knowledge in solar technologies will accelerate our research and development efforts, enabling us to stay ahead of industry trends and maintain a competitive edge. This focus on attracting solar energy experts will not only bolster our existing team but also infuse our projects with cutting-edge ideas and solutions, thereby contributing to our long-term success.

Customers and Sales

Demand and Production Capacity



Source: CIC Report

Notes: TOPCon = Tunnel Oxide Passivated Contact; HJT = Heterojunction Technology; PERC = Passivated Emitter and Rear Cell; IBC = Interdigitated Back Contact

For solar cell products, TOPCon technology is poised to replace older generation technologies in the solar cell market. This shift not only involves replacing existing capacities but also coincides with a growing market demand for solar cells, thereby creating a huge demand for TOPCon cells, the type of solar cells we manufacture. According to CIC, TOPCon module productions are projected to capture a market share of approximately 30% in 2023. This share was expected to further increase to around 60% in 2024, and is estimated to reach approximately 80% by 2026. We believe that with our 6GW TOPCon cell production capacity, we are well-positioned to meet this substantial demand. Currently, the management is actively observing and analyzing the recent changes and development in relevant regulations and government policies and environmental conditions and evaluating the construction plan and expects to commence the construction when there is more clarity in the relevant regulations and government policies. We are in the process of negotiating long-term contracts with external customers, aligning with our production capabilities.

Customer Segmentation and Sales Strategy

For our solar cell business line, we primarily target large, standalone PV module manufacturers who lack their own solar cell production and aim to penetrate the U.S. market, known for its high margins yet complex and rapidly changing policies and regulations. The PV manufacturing industry’s nature requires these module plants to place orders well in advance, leading to a robust, stable, and highly predictable demand for solar cells. Our sales approach focuses on securing long-term contracts with a select group of solar PV manufacturers, with a view to securing continuous demand for our solar cells for the next one to two years.

For our solar module plant in Texas, U.S., we intend to target large strategic customers in the U.S. market, which offers high margins but also demands compliance with strict brand and certification standards. Our strategy in securing these customers may include, among other things, demonstrating successful project implementations, obtaining endorsements from major financial institutions, and positioning ourselves as a preferred supplier to well-established companies. Initially, we will leverage the VSUN brand to enter the U.S. market, capitalizing on VSUN’s decade of success and its strong customer base. We aim to acquire all required certifications and establish “TOYO Solar” as an independent brand in the U.S. as swiftly as possible. Once this is achieved, VSUN will focus its module capacity on emerging markets such as Europe, Southeast Asia, and South America. We completed the construction for first 1GW solar module manufacturing capacity and commenced commercial production at our solar module plant in Texas in October 2025. We expect to achieve a total of 2GW solar module production capacity at the Texas plant by the end of 2026. If demand surpasses our capacity, VSUN will stand ready to provide OEM services to fulfill additional customer needs.

Pricing Strategy

Our pricing strategy varies depending on the type of customer:

- *Utility-scaled.* Strategic customers are approached through direct sales by top management, and pricing is determined based on production costs. Other utility customers are priced based on lead times.
- *Commercial and Industrial.* These customers are valuable for demonstration purposes and are approached through direct sales. Prices for this segment are slightly higher compared to utility-scaled customers.
- *Residential.* Sales for residential customers are generally conducted through distributors, with prices higher than those for commercial and industrial customers.

We are committed to delivering reliable and high-quality solar module products from our U.S. plant. With a local supply chain and the support of our reputable brand, we are dedicated to building long-term partnerships and meeting the evolving demands of the markets in the United States and globally. See “Item 7.B.— Related Party Transactions — Other Related Party Transactions — Sales of Solar Cells to VSUN” for specific pricing method for sales of solar cells to VSUN, our affiliate.

Existing and Future Arrangements with VSUN

- *Loan received from VSUN.* For the year ended December 31, 2025, we did not borrow loans from VSUN. For the year ended December 31, 2024, we did not borrow loans from VSUN. For the year ended December 31, 2023, we borrowed loans of approximately \$93.6 million (VND 2.2 trillion) from VSUN as working capital and payment for property and equipment, respectively. Each loan is matured in one year from borrowing. The interest rate of borrowings were 9.5% before August 2023, and reduced to 8% for August 2023, and reduced to 7% since September 2023 and further reduced to 3% since March 2024. In December 2024, the interest rate of borrowings was further reduced to 2%, and was applied to borrowings of 2023. For the years ended December 31, 2025, 2024 and 2023, we accrued interest expenses of approximately \$0.9 million, \$1.4 million and \$3.2 million on the borrowings, respectively. For the year ended December 31, 2024, the Company reversed interest expenses of 2023 in the amount of approximately \$1.5 million as a result of reduced interest rate of borrowings. See “Item 5. Operating And Financial Review and Prospects — Liquidity, Capital Resources and Going Concern — Related Party Borrowing” for further details.
- *Supply of solar cells to VSUN.* For the years ended December 31, 2025, 2024 and 2023, we derived revenue from sales of solar cells to VSUN in an amount of approximately \$154.7 million, \$116.9 million and \$61.5 million, respectively. We have entered into three framework agreements with VSUN in August and November 2023 and October 2024, respectively. Under each framework agreement, if our delivery is overdue, we will be responsible for a daily penalty as a percentage of the overdue solar cell products, up to 5% of the total value under the relevant purchase order; VSUN shall have the right to terminate the Framework Agreement if our delivery is overdue for more than 10 days or if we violate applicable laws and regulations; and the price of the purchase will be determined on an order-by-order basis. Under the framework agreement entered into in November 2023, VSUN agrees to purchase solar cells from us and make a prepayment in the amount of \$15 million, to be deducted from the monthly purchase orders. We also entered into a certain long-term agreement with VSUN in November 2024 to agree to use our reasonable best efforts to fulfill purchase orders for solar cells from VSUN, pursuant to which VSUN has made an advanced deposit of \$30 million for purchase orders. VSUN made the advanced deposit of \$20 million in the year of 2024 and the remaining \$10 million in the year of 2025, respectively. See “Item 7.B.— Related Party Transactions — Other Related Party Transactions” for further details.
- *Purchase of raw materials from VSUN’s subsidiary.* For the years ended December 31, 2025, 2024 and 2023, we purchased raw materials from VSUN’s subsidiary in an amount of approximately \$102.7 million, \$48.5 million and \$49.6 million, which accounted for approximately 31.6%, 55.0% and 64.5% of our total purchase of inventories, and made approximately \$nil, \$nil and \$24.8 million in prepayment, respectively. We do not have a long-term or framework agreement with VSUN’s subsidiary and place orders on a per-transaction basis. Based on our customary form of sales contract with VSUN’s subsidiary, in the event of payment delay, we will incur a daily penalty of 0.5% of the outstanding payment, with the cumulative penalty capping at 20% of the total contract value. If VSUN’s subsidiary delivers goods overdue, it will be liable for a daily penalty as a percentage of the overdue, up to 20% of the total value of the relevant contract. See “Item 7.B.— Related Party Transactions — Other Related Party Transactions” for further details.
- *Bank Credit Facility guaranteed by VSUN.* We have entered into a three-year bank credit facility with Joint Stock Commercial Bank for Investment and Development of Vietnam (“BIDV”), under which we can draw-down up to \$90 million by April 25, 2026. The interest rate was reduced to 8% since August 2023, and further reduced to 6.5% since March 2024 and to 6.3% since September 2024. As of December 31, 2023, the credit facility was collateralized by all of our property, equipment, and equity interest of \$50 million owned by VSUN. VSUN no longer guaranteed the bank credit facility for the Company since December 31, 2024. As of December 31, 2025, the credit facility was collateralized by certain of the Company’s machinery and guaranteed by SinCo.

As of December 31, 2025, the Company had drawn down approximately \$5.5 million from BIDV and had unused credit facility of approximately \$84.5 million. See “Item 5. Operating And Financial Review and Prospects — Liquidity, Capital Resources and Going Concern — Entry into a Bank Credit Facility” for further details.

- *Collaboration with VSUN in manufacturing and supply of solar modules.* In September 2025, we acquired VSUN brands. We plan to supply our solar PV modules, initially in collaboration with VSUN, leveraging its experience and certification. Later, we will independently manufacture and supply PV modules under the VSUN brand.
- *Non-compete arrangement with VSUN.* We are in the process of negotiating a non-compete arrangement with VSUN, under which our affiliate VSUN will focus on ex-U.S. PV module markets.

Our Constructed and Pipeline Manufacturing Plants

We are committed to taking advantage of the historical opportunity of the solar industry chain formation in Southeast Asia and quickly establishing our presence in the solar cell industry chain, becoming a recognized solar cell manufacturer in Southeast Asia. In the future, we may plan to expand into the upstream and downstream sectors of the industry and transition into a global integrated top-tier solar manufacturer.

A Solar Cell Plant in Vietnam

Our factory is located in Cam Khe Industrial Park, Phu Tho Province, Vietnam, covering a land area of 84,697 square meters and a building area of 68,124 square meters. The factory houses two cell production lines, an R&D center and an office building. The location of our plant is about 3 kilometers from Phu Tho Railway Station, 60 kilometers from Noi Bai International Airport and 190 kilometers from Haiphong Port, making it very convenient for us to deliver products to customers.

This solar cell plant has commenced commercial production since the second half of 2023 and has reached its full 2GW production capacity. At the present stage, the PV supply chain in Vietnam and Southeast Asia is more mature and cheaper, so we chose to build our solar cell production base in Vietnam.

Land Lease Agreement for the Solar Cell Plant in Phu Tho Province, Vietnam

On November 8, 2022, we entered into a Sublease Contract for Land with Infrastructure (the “Land Lease Agreement”) in Cam Khe Industrial Park, Phu Tho Province, with DUC ANH Construction Joint Stock Company (“DUC ANH”), pursuant to which we lease the land with certain infrastructure on the land for the construction of the solar cell plant which, after completion, will house two cell production lines, an R&D center and an office building. The term of the lease agreement is until October 30, 2067, renewable pursuant to the approval of relevant authority of Vietnam and within the three months after the end of the lease term. The land is free of charge for the first five years and will be charged of rental fee of approximately \$33,300 per annum. Upon termination of the Land Lease Agreement, our interest in relevant land will revert to DUC ANH.

A New Solar Cell Plant in Ethiopia

We established a solar cell plant at a leased facility strategically located in Hawassa, Ethiopia, taking advantage of the country’s favorable investment policies, tariff status, and ample hydropower supply. As of December 31, 2025, the investment amount for this solar cell plant was approximately \$154.69 million. The funds will be raised through internal resources and advance payments from business operations. As of the date of this annual report, we created approximately 1,800 jobs, including manufacturing and engineering, exceeding our original estimate of up to 880 jobs.

The phase 1 solar cell plant is built at a leased facility with 31,500 square meters in Hawassa and will be modified to meet the needs of a modern, automated cell production. The term of the lease is 10 years, renewable for five additional terms, each of 5 years, by the notice of TOYO. The total rent during the lease term is approximately \$10.9 million, payable monthly.

- *Phase 1 Project:* Launched in October 2024 and commenced production in April 2025 with 2GW annual production capacity. As of December 31, 2025, the investment amount for the Phase 1 Project was approximately \$82.72 million.
- *Phase 2 Project:* Launched in the second quarter of 2025 and commenced production in August 2025, with 2 GW annual production capacity. Phase 2 Project is expected to require an investment of \$71.97 million.

A New Module Plant in the United States

We have established a solar module plant at a leased facility located in Houston metropolitan area, Texas. We completed the construction for the first 1GW capacity and commenced production in October 2025 at the Texas plant. We expect to achieve a total of 2GW solar module production capacity at the Texas plant by the end of 2026. This strategic move is aimed at better serving the U.S. market by positioning the manufacturing closer to customers. We believe a local presence will enable us to be more responsive to customer demand and be quicker to adjust to production and delivery schedules. This proximity to the market can enhance relationships with customers and provide a competitive edge in terms of lead times and shipping costs.

Solar Texas LLC has completed the phase 1 construction of a solar module plant in Texas with 567,140 square feet located in the Houston metropolitan area, Texas. The lease term for this facility is from April 1, 2024 to August 31, 2034. The total rent during the lease term is approximately \$46.68 million payable monthly.

Potential Expansion Plans

We are committed to becoming a reliable integrated service solar solutions provider in the United States and globally, integrating midstream production of solar cell, downstream production of PV modules, and potentially other stages of the solar power supply chain.

We plan to further establish a solar cell plant at our Texas Plant in the U.S. targeting to serve U.S. customers, supported by new advanced technologies, including HJT technology. We estimate to reach approximately 1.4GW production capacity for such new solar cell plant.

Currently, these expansion plans are pending as the management is actively observing and analyzing the recent changes and development in relevant regulations and government policies and environmental conditions and evaluating the construction plan, as well as construction costs and customer demands, and expects to commence the construction when there is more clarity in the relevant regulations and government policies.

Manufacturing

Automatic Guided Vehicle

Our Vietnam cell plant incorporates state-of-the-art, computer-controlled and wheel-based AGVs.

Typical AGVs Used in Our Solar Cell Production



AGVs utilize navigation and sensor technology to travel between locations and offer the following key benefits:

- *Increased Productivity.* AGVs are able to operate 24/7 and in conditions that humans cannot effectively work, which ultimately increases productivity.
- *Enhanced Consistency and Reliability.* AGVs are consistent in their function and have relatively consistent costs, compared to manual labor, and are affordable to maintain.
- *Increased Facility Maintenance.* AGVs offer advantages such as reduced wear and tear on factory floors due to their optimized travel paths. Their electric operation also supports a cleaner and more sustainable manufacturing environment.
- *Increased Flexibility.* AGVs provide operational flexibility, easily integrating into existing systems and adapting to new production layouts or routes as needed. This adaptability is vital for meeting the evolving demands of a fast-paced industry like solar cell manufacturing.
- *Reduced Utility Costs.* We expect that adding AGVs to our workforce will reduce our utility costs, because AGVs can operate in temperatures higher or lower than humans find comfortable and in low-light environments.
- *Increased Workplace Safety.* Using AGVs increases workplace safety as AGVs operate in a controlled manner, reducing human errors and the risk of accidents. Our AGVs are also equipped with advanced safety features like collision avoidance systems. Increasing workplace safety lowers a number of costs including insurance rates, and time lost due to industry or structural repair.

By incorporating AGVs into our cell plant, we expect our production to require significantly less human labor as compared to traditional plants with a similar production capacity.

Production Technology and R&D

Our core objectives are to continuously improve photovoltaic cell conversion efficiency, reduce production costs, and expand market application boundaries. While consolidating our existing mass production technology advantages, it plans the R&D of next-generation battery technologies, building a technology reserve system for medium- and long-term development.

TOPCon Technology – Current Core Mass Production Platform

We continue to conduct in-depth optimization of the TOPCon mass production process, covering process improvement, key material iteration, and equipment energy efficiency enhancement, striving to continuously push mass production efficiency to industry-leading levels while maintaining cost competitiveness.

While consolidating our TOPCon technology advantages, we will increase our R&D investment in heterojunction (“HJT”) technology, covering both P-type and N-type cell architectures. HJT technology has inherent advantages such as low temperature coefficient, high bifaciality, and relatively simplified process flow, making it one of the most promising next-generation mainstream technologies. We continue to deepen our HJT R&D layout, aiming to acquire the technical capabilities and engineering foundation for large-scale mass production as target material costs decrease and equipment economics continue to improve.

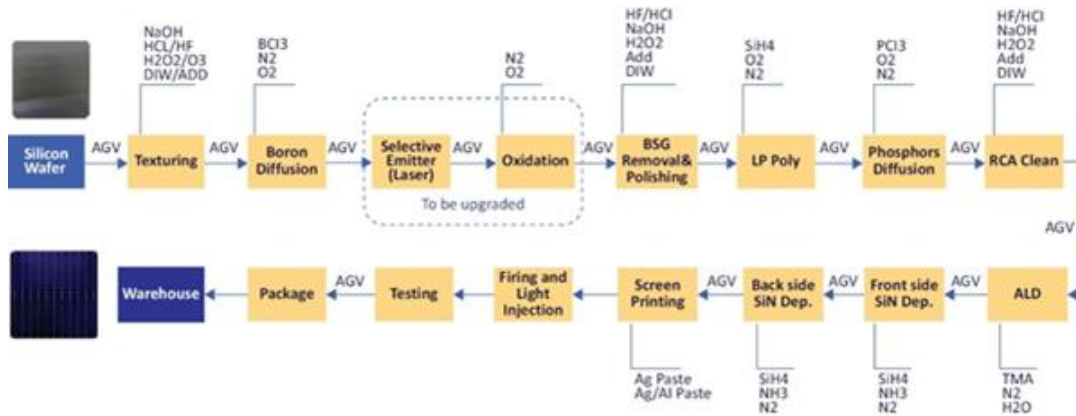
HJT/Perovskite Tandem Solar Cell Technology – A Breakthrough in Efficiency

Looking towards the future of technology, we will launch research and development on HJT and perovskite tandem solar cell technology. The tandem architecture, by superimposing the perovskite top cell and the HJT bottom cell with complementary spectra, theoretically breaks through the efficiency limit of single-junction cells, offering a technical path towards conversion efficiencies exceeding 30%, representing a significant breakthrough in efficiency improvement for the photovoltaic industry. Although this technology is currently in the research and development stage, we target to rapidly advance commercialization when the technology matures.

Space Photovoltaic Application Development –Expanding into High-Value Differentiated Markets

We will actively conduct specialized research and development on space-grade photovoltaic cell technology, targeting satellite power systems and other aerospace applications. Space cells must maintain stable and high-efficiency output under extreme environments such as strong radiation, wide temperature cycling, and high vacuum, placing far more stringent requirements on cell structure design and reliability verification than on terrestrial applications. Advancing in this research direction reflects our strategic intention to extend our technological capabilities to high-value-added, differentiated market segments, helping to further broaden the company’s long-term growth potential.

Process of Production



The above illustrative diagram presents our standard production process of TOPCon solar cells, which include the following key steps:

- **Chemical Texturing.** The wafer surface is chemically-textured using potassium hydroxide (KOH) to remove saw damage from the cutting process of the c-Si wafer.
- **Emitter Formation.** The diffusion method is used to form the emitter on the front side of the cell using boron tribromide (BBr₃) gas. The backside emitter is then removed using a nitric acid and hydrofluoric acid (HF/HNO₃) solution, and an ultra-thin oxide layer is created through wet chemical dipping.
- **N+ Poly-Si Layer Growth.** A phosphorous-doped amorphous silicon (n-a-Si:H) layer is grown through plasma-enhanced chemical vapor deposition (PECVD) to create the n+ Poly-Si layer. This layer is then transformed into the n+ Poly-Si layer through annealing at 900°C.

- *Passivation and Coating.* The solar cell undergoes further cleaning, and passivation and coating layers are applied using PECVD.
- *Metallization.* The Ag/Al contacts are applied through screen printing, and metallization is achieved using a quick-firing method with a maximum temperature of 760°C.

Raw Materials

Our procurement of raw materials for solar cell production is carefully executed to ensure quality and compliance with strict U.S. importing policies. We procure both polysilicon and silicon wafers from third-party suppliers. In obtaining polysilicon, we only partner with suppliers that are pre-approved by the United States and comply with the necessary standards and regulations. See “Item 4. Information on The Company – B. Business — Our Constructed and Pipeline Manufacturing Plants” above for more details regarding our construction plan.

By focusing on quality raw materials, establishing in-house production capabilities, and strategically locating manufacturing facilities, we aim to optimize our operations and provide high-quality solar cells and modules to customers in Southeast Asia and the U.S. market.

Research and Development

We are implementing a two-fold research and development (“R&D”) strategy to ensure that we apply the latest technologies to production in the shortest time and strengthen our ability to innovate.

- *Cooperative R&D with equipment manufacturers.* We closely monitor technical developments of the photovoltaic industry. Equipment manufacturers are playing a crucial role in applying cutting-edge technologies from laboratories to new generation production equipment and achieve mass production. We maintain close communication with major equipment manufacturers through which we aim to keep up with the latest technology, provide feedback and improvement suggestions to issues identified during the production process, which we believe would enhance the efficiency of our production. We also propose improvement plans for equipment suppliers for problems found in the production process. Through continuous communication with equipment manufacturers, we keep iterating current equipment to lower costs and increasing production efficiency.
- *Independent R&D to boost innovation.* We are aiming to independently research innovative technologies such as HJT and IBC (both as defined below) and establish our own intellectual property rights. We strive to transform intellectual property rights into commercial results ahead of competitors and apply them to next-generation production equipment.

Intellectual Property

We rely on the production know-how, instead of patent protection, in maintaining our competitive position. As of the date of this annual report, we are in the process of applying for two patents in Vietnam and preparing applications for another three patents. In the future, we may seek to protect our intellectual property and proprietary knowledge by applying for patents for them. However, we cannot assure you that we will be successful in obtaining patents in the relevant jurisdictions in a timely manner or at all. Furthermore, as of the date of this annual report, we have not entered into a contractual arrangement with employees regarding trade secret protections to protect our proprietary rights. As we execute our business strategies in expanding our international operations, effective intellectual property, copyright, trademark, and trade secret protection may be unavailable or limited in foreign countries. Any significant impairment of our intellectual property rights could harm our business or our ability to compete. Further, companies in the communications and technology industries own large numbers of patents, copyrights, and trademarks and frequently threaten litigation, or file suit based on allegations of infringement or other violations of intellectual property rights. We have been, and may from time to time in the future, be subject to other allegations that we have infringed the intellectual property rights of third parties. For example, please see “Item 4. Information on the Company – B. Business Overview – Legal Proceedings” of this annual report. See “Item 3. Key Information – C. Risk Factors — Risks Related to TOYO’s Business and Industry — Our lack of sufficient patent protection may undermine our competitive position and subject us to intellectual property disputes with third parties, both of which may have a material adverse effect on our business, results of operations and financial condition.”

The solar energy and renewable energy sectors are highly competitive and continually evolving as participants in these sectors strive to distinguish themselves within their markets and compete with the larger electric power industry. We are primarily focused on the U.S. market, which is not only one of the largest solar PV markets in the world but is also expected to continue to grow and relies significantly on imports from overseas and increasingly from Southeast Asia. Our primary sources of competition are solar cell manufacturers in Southeast Asia, including Trina Solar Co., Ltd, Canadian Solar Inc., Jinko Solar, Adani Green Energy Ltd and Waaree Energies Ltd, as well as solar PV module manufactures. See “Item 4. Information on The Company — B. Business Market Opportunities — Competitive Landscape” for additional information.

We also expect to compete with future entrants into the PV solar industry and existing market participants that offer new or differentiated technological solutions.

Employees

We had 2,552,528 and 814 full-time employees as of December 31, 2025, 2024 and 2023, respectively. The following table sets forth the number of our employees categorized by function as of December 31, 2025:

	Number	% of Total Employees
Function:		
Manufacturing	2,069	81
Technology and development	120	4.7
Operation, purchasing, warehousing and logistics	151	6
Purchasing, warehousing and logistics	0	0
General and administration	204	8
Sales	8	0.3
Total Number of Employees	2,552	100

Our success depends on our ability to attract, retain and motivate qualified personnel. We believe we offer our employees competitive compensation packages and comprehensive training programs that encourage talent development. None of our employees are subject to a collective bargaining agreement. We believe that we maintain a good working relationship with our employees, and we have not experienced any material disputes with our employees in our history.

Facilities

Our corporate headquarter is located in Shinagawa-ku, Tokyo, Japan. In addition, we leased approximately 134,213 square meters of space under operating leases for the construction of our solar cell plant in Phu Tho Province, Vietnam, and the lease term is until October 30, 2067. We lease all of our facilities and do not own any real property. We leased approximately 35,000 square meters of space for phase 1 of our solar cell plant in Hawassa, Ethiopia, and the lease term is until October 6, 2034. We also leased approximately 11,000 square meters of space for phase 2 of our solar cell plan in Hawassa, Ethiopia, and the lease term is until August, 2035. We also leased approximately 567,140 square feet of space for our solar module production in the Houston metropolitan area, Texas, and the lease term is until August 31, 2034. We expect to add facilities as we grow our employee base and expand geographically. We believe that our facilities are sufficient to meet our needs for the immediate future, and that, should it be needed, suitable additional space will be available to accommodate expansion of our operations. See “Item 4. Information on The Company — Our Constructed and Pipeline Manufacturing Plants” above for more information regarding our existing cell plant.

Legal Proceedings

On March 26, 2026, the U.S. International Trade Commission (the “USITC”) instituted an investigation pursuant to Section 337 of the Tariff Act of 1930, captioned Certain TOPCon Solar Cells, Modules, Panels, Components Thereof, and Products Containing Same (Inv. No. 337-TA-1494). The investigation is based on a complaint filed by First Solar, Inc. (“First Solar”) on February 24, 2026, as supplemented on March 10, 2026, alleging that certain respondents, including Toyo Co., Ltd., Toyo Solar Texas, LLC and VSUN Solar USA Inc. of Fremont, violated Section 337 by importing into the United States certain TOPCon solar cells, modules, panels, components thereof, and products containing the same (the “TOPCon products”), that allegedly infringe one or more U.S. patents asserted by First Solar. First Solar has requested that the USITC issue a general exclusion order that would bar the TopCon products from entry into the United States, or in the alternative a limited exclusion order, as well as cease and desist orders against the respondents. The USITC will set a target date for completion of the investigation within 45 days after commencement of the investigation. As of the date of this annual report, USITC has not made any determination on the merits of the allegations, and our products continue to be imported and sold in the United States in the ordinary course. As of the date of this annual report, we are unable to predict the outcome of the investigation or whether any remedial orders will be issued. We will evaluate the potential impact of this matter as the investigation progresses.

Except as disclosed in this annual report, we are not currently a party to any litigation or legal proceedings that, in the opinion of our management, are likely to have a material adverse effect on our business. From time to time, we have been, and may become involved in litigation or other legal proceedings. As previously disclosed, on December 6, 2024, Shanghai Jinko Green Energy Enterprise Management Co, Ltd and Zhejiang Jinko Solar Co., Ltd. (collectively “JINKO”) filed a complaint with the U.S. District Court of the Northern District of California (Case No. 3:24-cv-08828-JSC) (the “CA Case”) against Abalance Corporation, TOYO’s controlling shareholder, and certain of its subsidiaries, including TOYO, alleging that VSUN’s solar panel products (including TOPCON N-type solar panels) utilize JINKO’s patented technologies without authorization. On February 7, 2025, JINKO initiated a separate action against Company’s customer, Waaree Solar Americas Inc. and Waare Energies Limited in the U.S. District Court for the Southern District of Texas (Houston Division) (Case No. 4:25-cv-00532-GCH) (the “TX Case”), in which TOYO Solar Company Limited (f/k/a Vietnam Sunergy Cell Company Ltd.), Toyo America LLC, and Toptoyo Investment Pte. Ltd., participated as intervenor-defendants. Pursuant to a certain settlement and release agreement between JINKO and TOYO dated December 30, 2025, on January 30, 2026, the CA Case was dismissed pursuant to a joint stipulation of dismissal of JINKO and Vietnam Sunergy Joint Stock Company, Vietnam Sunergy (BAC NINH) Company Limited, VSUN Solar USA Inc., TOYO Co., Ltd., TOYO Solar Company Limited f/k/a Vietnam Sunergy Cell Company Limited, TOYO Solar Texas LLC, and TOYO Solar Manufacturing One Member Private Limited Company). In addition, on February 20, 2026, the TX Case was dismissed with respect to TOYO Solar Company Limited (f/k/a Vietnam Sunergy Cell Company Ltd.), Toyo America LLC, Toptoyo Investment Pte. Ltd. pursuant to the parties’ joint stipulation. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Regulatory, Environmental, Health and Safety Matters

We are currently or, in the future, may be subject to various federal, state, local, and international laws and regulations, as well as oversight and regulation in accordance with national and local ordinances relating to building codes, safety, and other matters. The impact of these laws and requirements may increase our overall costs and may delay, prevent, or increase the cost of manufacturing in solar energy market. As we are preparing ourselves for the manufacturing of solar PV modules for sales in the United States, we may also be subject to the application of U.S. trade laws and trade laws of other countries. Such tariffs and policies, or any other U.S. or global trade remedies or other trade barriers that apply to us given our global operations, may directly or indirectly affect our business, financial condition, and results of operations. In addition, as a company incorporated in Vietnam and having production facilities located in Vietnam, our businesses would also be exposed to the legal, political, and economic risks of an emerging market and a single-party political system. For more details, see “Item 3. Key Information – C. Risk Factors — Risks Related to Doing Business in Vietnam.”

We are also subject to the application of various anti-bribery laws, some of which prohibit improper payments to government and non-government persons and entities, and others (for example, the U.S. Foreign Corrupt Practices Act) that extend their application to activities outside their country of origin. While our focus remains on the U.S. market, we intend to continuously explore opportunities globally and further penetrate markets outside of the United States, especially in Europe, the Middle East, Southeast Asia, and Africa. If we do expand our operations into these regions, we may compete against companies for contracts in these regions, where norms can differ from U.S. standards, and not all competitors are subject to compliance with the same anti-bribery laws. For more details, see “Item 3. Key Information – C. Risk Factors — Risks Related to Regulations Applicable to TOYO — We may be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws, and noncompliance with such laws can subject us to administrative, civil, and criminal penalties, collateral consequences, remedial measures, and legal expenses, all of which could adversely affect our brand and reputation and our business, financial condition, results of operations, cash flows and prospects.”

In addition, we are currently or, in the future may be, subject to various federal, state, local, and international laws and regulations relating to the protection of the environment, including those governing the discharge of pollutants into the air and water; the use, management, and disposal of hazardous materials and wastes; occupational health and safety; and the cleanup of contaminated sites. Our operations include the use, handling, storage, transportation, generation, and disposal of hazardous materials and wastes. Therefore, we could incur substantial costs, including cleanup costs, fines, and civil or criminal sanctions and costs arising from third-party property damage or personal injury claims as a result of violations of, or liabilities under, environmental and occupational health and safety laws and regulations or non-compliance with environmental permits required for our operations. We believe we are currently in substantial compliance with applicable environmental and occupational health and safety requirements and do not expect to incur material expenditures for environmental and occupational health and safety controls in the foreseeable future. However, future developments such as the implementation of new, more stringent laws and regulations, more aggressive enforcement policies, or the discovery of unknown environmental conditions may require expenditures that could have a material adverse effect on our business, financial condition, or results of operations. For more details, see “Item 3. Key Information – C. Risk Factors — Risks Related to Regulations Applicable to TOYO — We are subject to various environmental, health and safety laws and regulations that could impose substantial costs on us and cause delays in expanding our production facilities.”

From time to time, we may also be subject to government policies or laws intended to protect human rights. For example, in late 2021 the U.S. President signed the Uyghur Forced Labor Prevention Act, which bans the import of goods from China's Xinjiang region into the United States due to concerns about forced labor practices in the region, which provides approximately half of the world's polysilicon supply. While we do not have operations in China and only partner with suppliers that are pre-approved by the United States and comply with the necessary standards and regulations, which mitigates the potential supply chain disruptions and human rights risks associated with such import ban, the implementation of similar restrictions or trade embargoes on the purchase of certain materials or equipment necessary to sustain our manufacturing operations may require expenditures and process changes to ensure our supply chain remains free of such materials, which could have a material adverse effect on our business, financial condition, or results of operations. We are committed to protecting human rights, enforcing fair labor practices, and addressing the potential risks of forced labor across our own operations and the operations of our suppliers.

C. Organizational Structure

See “Item 4. Information on the Company – A. History and Development of the Company.”

D. Property, Plants and Equipment

See “Item 4. Information on the Company – A. History and Development of the Company.”

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report. This discussion contains forward-looking statements that involve risks and uncertainties about our business and operations. Our actual results and the timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those we describe under “Item 3. Key Information — D. Risk Factors” and elsewhere in this annual report.

A. Operation Results

Overview

Our mission is to power the world with green and clean energy.

We are an early-stage company incorporated in November 2022 to separate the solar cell and module production businesses from VSUN, a majority-owned subsidiary of Fuji Solar and our affiliate. We are committed to becoming a reliable integrated service solar solutions provider in the United States and globally, integrating the upstream production of wafer and silicon, midstream production of solar cell, downstream production of photovoltaic (PV) modules, and potentially other stages of the solar power supply chain.

Recent Development

On November 25, 2024, TOYO Solar LLC entered into a Membership Interest Purchase Agreement (the “Membership Interest Purchase Agreement”) with Solar Plus Technology, Inc., a Delaware corporation (“Solar Plus”) and SG Green Development Pte. Ltd., an entity organized under the laws of Singapore (“SG Green”). Pursuant to the Membership Interest Purchase Agreement, Solar Plus agrees to sell to TOYO Solar LLC all of the issued and outstanding membership interests held by Solar Plus in TOYO Texas. The Company acquired TOYO Texas to construct a solar module plant in Texas. In exchange, TOYO Solar LLC agrees to issue to Solar Plus 24.99% equity interest in TOYO Solar LLC. As a result, Solar Plus indirectly held 24.99% equity interest in TOYO Texas. On November 24, 2025, the Company entered into a share purchase agreement with Solar Plus Technology, Inc., pursuant to which the Company purchased 24.99 Class B units of, or a 24.99% equity interest in, TOYO Solar US for cash consideration of \$6,650,000. The transaction closed on December 4, 2025.

On February 23, 2024, the Company issued 41,000,000 ordinary shares, at par value of \$0.0001 per share, to all existing shareholders on a pro rata basis. Among the 41,000,000 ordinary shares, an aggregate of 13,000,000 ordinary shares were deposited with an escrow agent in a segregated escrow account pursuant to an escrow agreement effective upon the closing of Business Combination and will be released from the escrow account and delivered to the existing shareholders as following:

- (a) Following the closing of Business Combination, if the net profit, excluding changes in fair value of Earnout Shares, of PubCo for the fiscal year ending December 31, 2024 as shown on the audited financial statements of PubCo for the fiscal year ending December 31, 2024 (such net profit, the “2024 Audited Net Profit”) is no less than \$41,000,000, the 13,000,000 ordinary shares shall immediately become vested in full and be released from the escrow account to the existing shareholders, pro rata; and
- (b) If the 2024 Audited Net Profit is less than \$41,000,000, then (X) the portion of the ordinary shares in number equal to (i) the quotient of (a) the 2024 Audited Net Profit divided by (b) \$41,000,000, multiplied by (ii) 13,000,000 ordinary shares, rounded up to the nearest whole number, shall become immediately vested and be released from the escrow account to the existing shareholders, pro rata, and (Y) the remaining portion of the 13,000,000 ordinary shares shall be surrendered or otherwise delivered by the existing shareholders to PubCo, pro rata, for no consideration or nominal consideration and cancelled by PubCo.

Upon the closing of the Business Combination, the 13,000,000 ordinary shares were held in an escrow account, accordingly, the 13,000,000 shares were deemed as issued but not outstanding shares as of December 31, 2024 for accounting purposes and for earnings per share computations.

On May 14, 2025, based on the 2024 Audited Net Profit which was reported in the Company’s Annual Report on Form 20-F filed on May 12, 2025 (the “Form 20-F”), which excludes changes in the fair value of Earnout Shares, the Company released an aggregate of 1,712,297 Earnout Shares, which were fully vested, from the Earnout Escrow Account, and cancelled the remaining 11,287,703 Earnout Shares.

Key Factors Affecting Our Results of Operations

We believe that our performance and future success will depend on several factors, including those key factors discussed below.

Our ability to retain VSUN as customer for our solar cells and obtain new customers

We achieved 4GW production capacity in Ethiopia in October 2025. As of December 31, 2025, we fully utilized our production capacity at our cell plants in Vietnam with achieved 2GW production capacity and in Ethiopia with 4W production capacity, as well as collaborations with some OEMs to fulfill additional orders. During the year ended December 31, 2025, we obtained more sales orders from third party customers. However our ability to retain VSUN as a solar cell customer and to obtain new solar cell customers will affect our short-term profitability and financial prospects. As of December 31, 2025, we have signed supply contracts with over 50 third-party customers, and are in active negotiation with several potential customers to supply our solar cells. For the years ended December 31, 2025 and 2024, we derived 36% and 66% of our revenue from VSUN, respectively. Loss of business from VSUN or other future major customers could reduce our revenues and significantly harm our business.

Our ability to acquire new customers for our solar PV module products

We commenced the manufacture and sales of PV module products in the United States in the year ended December 31, 2025. We expect that our mid-term revenue generation will primarily depend on our ability to capture the solar PV module market in the United States. Specifically, it depends on our ability to acquire new customers for our solar PV module products, both through leveraging our relationship and collaboration with VSUN, who has existing presence and market recognition in the United States, and through independent marketing efforts.

Our ability to control material, transportation and manufacturing costs

We expect that our profitability will significantly depend on our ability to control costs of sales, mainly comprised of cost of product sold, which is affected by fluctuations in prices of raw materials, including but not limited to polysilicon, silicon wafers, labor costs and costs associated with the transportation of raw materials. As we expand our production outside of Vietnam with a new cell plant in Ethiopia and a new solar module plant in Texas, U.S., we will also incur significant capital expenditure to fund the expansion of our sales and manufacturing facilities, including the construction of new solar module plants.

Our ability to extend our production capacity and integrate additional stages of the solar product supply chain

Our ability to become a reliable supplier of solar cell and module products at a competitive price will depend on our ability to extend our production capacity and achieve vertical integration. Specifically, we may plan to integrate the upstream production of wafer, midstream production of solar cell, and downstream production of PV modules. To that end, we have strategically selected a solar cell plant located in Hawassa, Ethiopia, which has commence production since April 2025 with 2GW production capacity and expanded the capacity to 4GW in October 2025 and have leased a facility located in Texas to accommodate our solar module production. We are assessing the timing and venues to further expand the annual capacity of our cell plant in the future, and whether we are successful in our future endeavor in constructing these plants will affect our ability to extend our production capacity. Additionally, executing capacity expansion also depends on our ability to secure necessary approvals, permits and adequate funding.

Our ability to price solar cell products competitively, which depends primarily on our ability to enhance conversion efficiency of solar cells

The price of our solar cells, which are our main products in the near-term, is determined by their electricity generation capacity, measured in watts. Our ability to offer competitive prices is dependent on our ability to optimize the conversion efficiency of our solar cells, utilizing effective manufacturing technologies. We are dedicated to ongoing research and development efforts to boost conversion efficiency while reducing production costs. We aim to expand our research and development team by specifically targeting top engineering talents with a background in solar energy.

Current supply-demand disparity in the United States and regulatory environment

Our ability to profit also depends on the market in United States as well as the regulatory environment for the solar industry. The U.S. market is a significant focus for us as it is one of the largest solar PV markets globally and continues to grow, and local suppliers in the United States only account for approximately 15% of the total solar module demand in 2022, according to CIC, indicating a significant supply-demand disparity. Our business and operations will also be affected by regulatory initiatives in the United States and elsewhere. For example, the U.S. Customs and Border Protection has banned the import of any products related to Xinjiang Uyghur Autonomous Region of China in terms of UFLPA and a number of Chinese PV manufacturers have been included in the ban list. As a result of this regulatory development, manufacturers from Southeast Asia, particularly Malaysia, Vietnam, and Thailand, have emerged as the primary sources of PV panel and cell imports for the United States.

Impact of Macroeconomic Factors

Recently, geopolitical and economic uncertainty and volatility including armed conflicts such as the U.S. and Israeli war with Iran and further escalation of the ongoing conflict in the Middle East and Red Sea, and the conflict between Russia and Ukraine have caused supply chain disruptions and challenges for many companies.

For example, the armed conflicts such as the U.S. and Israeli war with Iran may cause shipping disruptions, cyberattacks, supply chain and logistics disruptions, and changes to foreign exchange rates and financial markets, any of which may adversely affect our business and supply chain, or a diminished consumer confidence resulting in reduced demand. In addition, following the launch of a military action in Ukraine by Russia, commodity prices, including the price of oil, gas, nickel, copper and aluminum, increased. Such impacts may also be exacerbated by recent developments in the Israel-Hamas conflict. Our result of operations have not been materially impacted by the Russia-Ukraine conflict or the Israel-Hamas conflict for a number of reasons: (i) we utilize AGVs in our solar cell plant, which have reduced our reliance on manpower and the risk of production stoppages and delay; (ii) we recruit employees for our Vietnam solar cell plant primarily from Vietnam, minimizing the impact of global supply chain, if any, on our labor supply; and (iii) in obtaining polysilicon, a kind of raw materials for our solar cells, we only partner with suppliers that are pre-approved by the United States and comply with the necessary standards and regulations.

Components of Operating Results

Revenues

We commenced operations from the year of 2023. We generated revenues from sales of solar cells, solar modules and provision of facilitation services.

Sales of solar cells. We commenced sales of solar cells to customers in October 2023 and sales of silicon materials in the first half of 2025. We recognize revenue generated from sales of solar cells and silicon materials at a point in time following the transfer of control of the solar cells and silicon materials to the customers, which typically occurs upon shipment or delivery depending on the terms of the underlying contracts. The transaction price was fixed in the contracts with customers. No variable consideration, significant financing component or payable to customers were identified in contracts with customers. In addition, the Company did not provide warranties to the customers. The contracts with customers may contain provisions that require us to make liquidated damage payments to the customer if we fail to ship or deliver solar cells before scheduled dates. We recognize these liquidated damages as a reduction of revenue. For the years ended December 31, 2025, 2024 and 2023, we did not incur such liquidation damages.

Sales of solar modules. We commenced sales of solar modules to customers in October 2025. We recognize revenue generated from sales of solar modules at a point in time following the transfer of control of the solar modules to the customers, which typically occurs upon shipment or delivery depending on the terms of the underlying contracts. No variable consideration, significant financing component or payable to customers were identified in contracts with customers. In addition, the Company did not provide warranties to the customers.

Provision of facilitation services. We commenced provision of facilitation services for customers' solar cell products in the second half of 2024 and solar module products in the year of 2025. We are an agent in facilitation services, as we did not bear inventory risks or determine the product selling price in provision of services. The transaction price is fixed in the agreements by multiplying fixed commission rate and the quantity of customers' solar cell products sold. No variable considerations, significant financing components or payable to customers were identified in contracts with the customer. We recognize revenue from facilitation services for the customers' solar cells products at a point when the end customers accepts the agreed solar cell products and the customers collect the fees from end customers. During the year ended December 31, 2025, we also provided original equipment manufacturer (OEM) services to a third-party customer. We manufactured solar cells under the customer's name and recognized revenues on a net basis upon delivery of solar cells to the customer.

For the years ended December 31, 2025, 2024 and 2023, the revenues were comprised of the following:

	For the Year Ended December 31,		
	2025	2024	2023
Revenues from related parties:			
Sales of solar cells	\$ 162,249,461	\$ 123,797,048	\$ 61,504,724
Sales of solar modules	7,583,482	—	—
Provision of facilitation services	1,257,254	3,474,214	—
	<u>171,090,197</u>	<u>127,271,262</u>	<u>61,504,724</u>
Revenues from third parties:			
Sales of solar cells	\$ 252,820,255	\$ 49,685,866	\$ 872,666
Provision of facilitation services	3,472,551	—	—
	<u>256,292,806</u>	<u>49,685,866</u>	<u>872,666</u>
	<u>\$ 427,383,003</u>	<u>\$ 176,957,128</u>	<u>\$ 62,377,390</u>

Cost of revenues

Cost of revenues primarily consist of cost of materials, direct labor costs, and overheads which were attributable to the solar cells and solar modules sold in the relevant periods.

Selling and marketing expenses

Selling and marketing expenses primarily consist of freight and handling expenses, distribution commission expenses, entertainment expenses, and employee salary and welfare expenses.

General and administrative expenses

General and administrative expenses primarily consist of employee salary and welfare expenses, amortization of usage of infrastructure expenses and other expenses related to administrative functions. Over the next several years, we anticipate an increase in our general and administrative expenses. This is primarily due to the expansion of our workforce as our new solar cell plant commences operation. Additionally, we expect to incur higher costs related to accounting, auditing, legal, regulatory compliance, director and officer insurance, as well as investor relations, public relations, and other expenses associated with being a publicly traded company.

Interest expenses, net

Interest expenses, net consists of interest expenses incurred on borrowings from banks and related parties, partially offset by interest income generated on bank deposits.

Income Tax Expenses

Cayman Islands

Under the current tax laws of the Cayman Islands, the Company is not subject to tax on its income or capital gains.

Singapore

SinCo and TOYO Singapore are subject to corporate income tax for its business operation in Singapore. Tax on corporate income is imposed at a flat rate of 17%.

Vietnam

TOYO Solar is subject to Vietnam Enterprise Income Tax (“EIT”) on the taxable income in accordance with the relevant Vietnam income tax laws. The Vietnam’s statutory, Enterprise Income Tax (“EIT”) rate is 20%.

As a new enterprise, the Company received the preferential tax treatments since its inception, and is exempt from income taxes for the first two years since the year ended December 31, 2023. When Company generated taxable income through year 2024, the Company is entitled to income tax rate of 8.5%, which is half of preferential income tax rate of 17% for four years ended December 31, 2025 through 2028.

China

Under the Enterprise Income Tax (“EIT”) Law in the PRC, the unified EIT rate for domestic enterprises and foreign invested enterprises is 25%, except for available preferential tax treatments.

USA

In the United States, TOYO USA Holding, TOYO America, TOYO Solar LLC, TOYO Texas and TOYO Energy are subject to federal and state income taxes on its business operations.

The Company also evaluated the impact from the recent tax reforms in the United States, including the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), the One Big Beautiful Bill Act and Inflation Reduction Act. No material impact on the Company is expected based on our analysis. We will continue to monitor the potential impact going forward.

Ethiopia

TOYO Ethiopia is subject to corporate income tax at a standard rate of 30% on its business operations in Ethiopia. In accordance with the investment incentive framework of Ethiopia, eligible manufacturing entities may be granted corporate income tax exemptions upon approval by the Ethiopian Investment Commission. TOYO Ethiopia is entitled to a four-year exemption from corporate income tax commencing from the date of establishment. The Company obtained its business license on February 21, 2025. The tax exemption period covers the fiscal years from 2025 to 2028.

Results of Operations

The following table sets forth a summary of our results of operations for the years ended December 31, 2025, 2024 and 2023, in dollar amounts. This information should be read together with our audited consolidated financial statements and related notes included elsewhere in this annual report. The operating results in any period are not necessarily indicative of the results that may be expected for any future period.

	For the Year Ended December 31,		
	2025	2024	2023
Revenues from related parties	\$ 171,090,197	\$ 127,271,262	\$ 61,504,724
Revenues from third parties	256,292,806	49,685,866	872,666
Revenues	427,383,003	176,957,128	62,377,390
Cost of revenues – related parties	(131,136,988)	(95,904,220)	(35,923,151)
Cost of revenues – third parties	(199,908,574)	(59,154,996)	(9,823,709)
Cost of revenues	(331,045,562)	(155,059,216)	(45,740,860)
Gross profit	96,337,441	21,897,912	16,636,530
Operating expenses			
Selling and marketing expenses	(5,923,870)	(1,625,724)	(17,573)
General and administrative expenses	(31,376,223)	(11,412,152)	(4,632,009)
Total operating expenses	(37,300,093)	(13,037,876)	(4,649,582)
Income from operations	59,037,348	8,860,036	11,986,948
Other income (expenses)			
Interest expenses, net	(3,318,705)	(3,264,646)	(3,261,459)
Other (expenses) income, net	(1,854,076)	586,167	1,163,666
Changes in fair value of contingent consideration payable	(1,341,794)	35,100,000	—
Total other (expenses) income, net	(6,514,575)	32,421,521	(2,097,793)
Income before income taxes	52,522,773	41,281,557	9,889,155
Income tax expenses	(15,370,241)	(781,238)	—
Net income	\$ 37,152,532	\$ 40,500,319	\$ 9,889,155

For the years ended December 31, 2025 and 2024

Revenues. We commenced commercial production and sales of solar cells since the second half of 2023, coinciding with the introduction of our brand “TOYO Solar” to the market. In the second half of 2025, we commenced production and sales of solar modules to customers based in the United States. Our revenues increased by approximately \$250.4 million, or 142% from approximately \$177.0 million for the year ended December 31, 2024 to approximately \$427.4 million in the year ended December 31, 2025. The increase was primarily caused by an increase of approximately \$241.6 million in sales of solar cells and an increase of approximately \$7.6 million in sales of solar modules.

The increase of solar cells was primarily driven by our achievement of 4GW and 2GW production capacity in Ethiopia in October 2025, leading to an increase of output to meet sales orders from our customers. The increase of solar modules was primarily due to the commencement of sales of solar modules to a related party since October 2025. We expect to expand our customer base in the years ending December 31, 2026 and 2027.

Cost of revenues. The cost of revenues increased by approximately \$175.9 million, or 113%, from approximately \$155.1 million for the year ended December 31, 2024 to approximately \$331.0 million for the year ended December 31, 2025. The increase in cost of revenues was primarily in line with the increase in sales of solar cells. However the increase in the cost of revenues is lower than the increase in the revenues. This was primarily caused by an increase in sales to US end customers with higher average selling prices, which was attributable to our achievement of 4GW production capacity in Ethiopia in the year of 2025. All solar cells manufactured in the Ethiopia plant were delivered to US end customers.

Gross profit. As a result of the foregoing, we recorded a gross profit of approximately \$96.3 million and \$21.9 million for the years ended December 31, 2025 and 2024, respectively, with gross profit margin of approximately 22.5% and 12.4%. The increase in gross profit margin was due to our expansion of production capacity in Ethiopia, resulting in increased sales to US end customers during the year ended December 31, 2025 with higher average selling prices

Selling and marketing expenses. As compared with the selling and marketing expenses for the year ended December 31, 2024, the selling and marketing expenses for the year ended December 31, 2025 increased by approximately \$4.3 million. The increase was primarily due to an increase of approximately \$4.1 million in sales commissions which was in line with an increase of revenues.

General and administrative expenses. Our general and administrative expenses increased from approximately \$11.4 million for the year ended December 31, 2024 to approximately \$31.4 million for the year ended December 31, 2025. The increase was primarily attributable to (a) an increase of payroll and welfare expenses of approximately \$6.9 million because (i) we incurred share-based compensation expenses of approximately \$4.7 million through the issuance of ordinary shares to certain management and independent directors, and (ii) we hired more administrative staff in our Ethiopia and Texas plants to achieve our target production capacity in these two areas, (b) an increase of consulting expenses of approximately \$7.8 million as we incurred share-based compensation expenses of approximately \$9.0 million through the of issuance ordinary shares to certain consultants which was partially offset by a decrease of consulting expenses of approximately \$1.2 million because we were charged of consulting expenses for business combination in the year of 2024, (c) an increase of rental expenses and depreciation expenses of approximately \$0.9 million and \$0.4 million, respectively, because of our Ethiopia plant and Texas plant commenced production in the year ended December 31, 2025, (d) an increase of travel expenses of approximately \$1.9 million primarily incurred by travel to and from Ethiopia, and (e) an increase of other office expenses of approximately \$2.0 million to support our expanding business.

Changes in fair value of contingent consideration payable. The 13,000,000 Earnout Shares are determined as contingent consideration in connection with the reverse recapitalization. The number of Earnout Shares depends on the ratio of actual 2024 audited net profit to the benchmark amount of \$41 million, which precluded from the equity classification under ASC 815. The contingent consideration was initially recognized as a liability on July 1, 2024, with subsequent changes in fair value charged to the consolidated statements of operations and comprehensive income. We engaged a professional valuation team to perform assessment on the fair value of contingent consideration payable on July 1, 2024 and December 31, 2024, respectively. The changes of approximately \$35.1 million in fair value between December 31, 2024 and July 1, 2024 was charged to the account of “Changes in fair value of contingent consideration payable”.

On May 14, 2025, based on the 2024 Audited Net Profit which, which excludes changes in the fair value of Earnout Shares, we released an aggregate of 1,712,297 Earnout Shares, which were fully vested, from the Earnout Escrow Account, and cancelled the remaining 11,287,703 Earnout Shares. On May 14, 2025, the fair value of the 1,712,297 Earnout Shares was approximately \$6.0 million, by reference to closing per share market price of \$3.48 prevailing on May 14, 2025. For the year ended December 31, 2025, we recognized an increase in fair value of approximately \$1.3 million in the consolidated statements of income and comprehensive income.

Income tax expenses. We incurred income tax expenses of approximately \$15.4 million and \$0.8 million for the years ended December 31, 2025 and 2024, respectively. The increase was primarily caused by an increase in taxable income in certain subsidiaries.

Net income. As a result of the foregoing, we reported a net income of approximately \$37.2 million and \$40.5 million for the years ended December 31, 2025 and 2024, respectively.

For the years ended December 31, 2024 and 2023

Revenues. We commenced commercial production and sales since the second half of 2023, coinciding with the introduction of our brand “TOYO Solar” to the market. Our revenues increased by approximately \$114.6 million, or 184% from approximately \$62.4 million for the year ended December 31, 2023 to approximately \$177.0 million in the year ended December 31, 2024. The increase was primarily because we completed the pilot production phase in the second half of 2024, we witnessed an increase in sales orders from both related party customers and third party customers.

Cost of revenues. The cost of revenues increased by approximately \$109.3 million, or 239% from approximately \$45.7 million for the year ended December 31, 2023 to approximately \$155.1 million for the year ended December 31, 2024. The increase in cost of revenues was in line with the increase in sales of solar cells. However the increase rate of cost of revenues is higher than the increase rate of revenues, which was primarily caused by an increase in sales to non-US end customers with lower average selling prices. In addition, we provided inventory write-down of approximately \$2.5 million in the cost of revenues for the year of 2024, which also contributed to a higher increase rate in cost of revenues.

Gross profit. As a result of the foregoing, we recorded a gross profit of approximately \$21.9 million and \$16.6 million for the years ended December 31, 2024 and 2023, respectively. The decrease in gross profit margin was related to the customer adjustments made in the second half of 2024 to mitigate risk from AD/CVD to non-US end customers with lower average selling prices, as well as the impact of reduced capacity utilization in Vietnam in the period of market adjustment.

Selling and marketing expenses. As compared with the selling and marketing expenses for the year ended December 31, 2023, the selling and marketing expenses for the year ended December 31, 2024 increased by approximately \$1.6 million. The increase was primarily due to an increase of approximately \$1.2 million in freight and handling expenses and an increase of approximately \$0.2 million in sales commissions.

General and administrative expenses. Our general and administrative expenses increased from approximately \$4.6 million for the year ended December 31, 2023 to approximately \$11.4 million for the year ended December 31, 2024. The increase was primarily attributable to an increase of payroll and welfare expenses of approximately \$3.3 million because we hired more administrative staff to support our increasing business, an increase of audit and consulting expenses of approximately \$1.9 million which was incurred for our business combined with BWAQ, an increase of approximately \$0.6 million in rental expenses because we leased land and plants for our USA subsidiaries and Ethiopia subsidiaries, an increase of approximately \$0.9 million in depreciation and amortization expenses because our plant and machinery were put into production in the second half of 2023, and expense of offering cost allocated to contingent consideration payable.

Changes in fair value of contingent consideration payable. The 13,000,000 Earnout Shares are determined as contingent consideration in connection with the reverse recapitalization. The number of ordinary shares released from the 13,000,000 Ordinary Shares depends on the ratio of actual 2024 audited net profit to the benchmark amount of \$41 million, which precluded from the equity classification under ASC 815. The contingent consideration was initially recognized as a liability on July 1, 2024, with subsequent changes in fair value charged to the consolidated statements of operations and comprehensive income. We engaged a professional valuation team to perform assessment on the fair value of contingent consideration payable on July 1, 2024 and December 31, 2024, respectively. The changes of approximately \$35.1 million in fair value between December 31, 2024 and July 1, 2024 was charged to the account of “Changes in fair value of contingent consideration payable”.

Income tax expenses. We incurred income tax expenses of approximately \$0.8 million for the year ended December 31, 2024 as we generated taxable income in certain subsidiaries. For the year ended December 31, 2023, we did not incur income tax expenses because our profit-generating subsidiary is entitled to a preferential tax rate of zero.

Net income. As a result of the foregoing, we reported a net income of approximately \$40.5 million and \$9.9 million for the years ended December 31, 2024 and 2023, respectively.

B. Liquidity and Capital Resources

To date, we have financed our operating and investing activities primarily through cash generated from operating activities, capital contribution from shareholders, and borrowings from a related party and a bank. As of December 31, 2025 and 2024, we had working capital deficits of approximately \$123.9 million and \$69.6 million, respectively. This condition raised substantial doubt about our ability to continue as a going concern.

Our liquidity is based on its ability to generate cash from operating activities and obtain financing from investors to fund its general operations and capital expansion needs. Our ability to continue as a going concern is dependent on management's ability to successfully execute its business plan, which includes increasing revenue while controlling operating cost and expenses to generate positive operating cash flows and obtain financing from outside sources.

As of December 31, 2025, among the working capital deficits of \$123.9 million, the Company had contract liabilities from both third party customers and related party customers of \$107.9 million which would be settled through the recognition of revenues. In addition, the Company had payables of \$62.3 million due to related parties which may be extended when due. Without these impacts, the Company would have an adjusted working capital of \$46.4 million. In addition, the Company generated cash flow of \$133.0 million from its operating activities for the year ended December 31, 2025, and entered into borrowing agreements with financial institutions and related parties to borrow an aggregated amount of \$68.7 million.

Our liquidity is based on its ability to obtain capital financing from equity interest investors and borrow funds on favorable economic terms to fund its general operations and capital expansion needs. Our ability to continue as a going concern is dependent on management's ability to successfully raise more capital and execute its business plan, which includes increasing revenue while controlling operating cost and expenses to generate positive operating cash flows and obtaining funds from outside sources of financing to generate positive financing cash flows. Currently, we are working to improve its liquidity and capital sources mainly through borrowing from related parties and obtaining financial support from its principal shareholder who has agreed to continue providing funds for the Company's working capital needs whenever needed.

In addition, in order to fully implement its business plan and sustain continued growth, we are also actively seeking financing from outside investors, borrowings from related parties and financial institutions. However, there can be no assurance that these plans and arrangements will be sufficient to fund our ongoing capital expenditure, working capital, and other requirements. We have prepared the consolidated financial statements on a going concern basis. If we encounter unforeseen circumstances that place constraints on its capital resources, management will be required to take various measures to conserve liquidity. Management cannot provide any assurance that we will raise additional capital if needed.

Further, because of the numerous risks and uncertainties associated with our path to continued profitability, we are unable to estimate the amounts of increased capital outlays and operating expenditures associated with our business development. There can be no assurance that our future cashflows from operating activities or financing activities including equity financing will be sufficient to support our ongoing operations, or that any additional financing will be available in a timely manner or on acceptable terms, if at all. If we are unable to generate sufficient revenue or events or circumstances occur such that we do not meet our strategic plans, we will be required to reduce certain discretionary spending, or be unable to fund capital expenditures, which would have a material adverse effect on our financial position, results of operations, cash flows, and ability to achieve its intended business objectives. We had commenced operations in the second half of 2023, and we need to implement our business plan to obtain the necessary operational liquidity on a sustainable basis. Failure to successfully implement the plans will have a material adverse effect on our business, results of operations and financial position, and may materially and adversely affect our ability to continue as a going concern.

Cash Flows

The following table shows a summary of our cash flows:

	For the Year Ended December 31,		
	2025	2024	2023
Net cash provided by (used in) operating activities	\$ 132,987,931	\$ 46,506,740	\$ (12,529,017)
Net cash used in investing activities	(98,402,076)	(44,044,171)	(114,239,711)
Net cash provided by (used in) financing activities	9,099,620	(2,089,719)	146,149,629
Effect of exchange rate changes on cash and restricted cash	(1,974,838)	(2,220,954)	(2,448,856)
Net increase (decrease) in cash and restricted cash	41,710,637	(1,848,104)	16,932,045
Cash and restricted cash at beginning of year	17,149,389	18,997,493	2,065,448
Cash and restricted cash at end of year	<u>\$ 58,860,026</u>	<u>\$ 17,149,389</u>	<u>\$ 18,997,493</u>

Operating activities

Net cash provided by operating activities in the year ended December 31, 2025 was approximately \$133.0 million, primarily due to a net income of approximately \$37.2 million, adjusted for non-cash depreciation and amortization expenses of approximately \$36.6 million, share-based compensation expenses incurred by both employees and non-employees of approximately \$13.7 million, and for changes in operating assets and liabilities which primarily included (i) an increase of approximately \$4.6 million in accounts receivable due from third party customers, which were driven by an increase in revenues generated from third parties during the year ended December 31, 2025, (ii) a decrease of approximately \$11.2 million in accounts receivable due from related party customers due to an improvement in collection of fees from related parties, (iii) an increase of approximately \$25.0 million in prepayments to third parties and an increase of approximately \$63.4 million in inventories as a result of an increase in purchases from suppliers to meet our increasing sales orders, (iv) an increase of approximately \$84.3 million in advances from customers, including third party customers and related party customers, due to an increase in sales orders from customers, (v) an increase of approximately \$14.6 million in income tax payables because we generated taxable income during the year ended December 31, 2025, and (vii) an increase of approximately \$12.0 million of accrued expenses and other liabilities with expansion of our business.

Net cash provided by operating activities in the year ended December 31, 2024 was approximately \$46.5 million, primarily due to a net income of approximately \$40.5 million, adjusted for non-cash decrease of fair value of contingent consideration payable of \$35.1 million, depreciation and amortization expenses of approximately \$23.2 million and inventory write-down of approximately \$2.5 million, and for changes in operating assets and liabilities which primarily included (i) an increase of approximately \$6.1 million and \$12.0 million in accounts receivable due from third party customers and related party customers, which were driven by an increase in revenues in the second half of 2024, (ii) a decrease of approximately \$23.6 million in prepayments to a related party because we were offered credit term by our related party supplier, (iii) a decrease of inventories of approximately \$15.9 million as a result of improvement in our restock level, (iv) an increase in accounts payable of approximately \$3.0 million which was in line with an increase in accounts receivable, (v) a decrease of approximately \$7.8 million in advance from a related party as we just delivered solar cells in December 2024 to the related party, and (vi) a decrease of approximately \$2.8 million of accrued expenses and other liabilities because we improved our payment process.

Net cash used in operating activities in the year ended December 31, 2023 was \$12.5 million, primarily due to a net income of \$9.9 million with (i) changes in operating assets and liabilities that negatively affected cash flow which primarily included prepayments to a related party of \$24.8 million and inventories of \$40.7 million, and (ii) changes in operating assets and liabilities that positively affected cash flow which primarily included due to a related party contract liabilities of \$29.3 million and accrued expenses and other liabilities of \$5.4 million.

Investing Activities

Net cash used in investing activities in the year ended December 31, 2025 was approximately \$98.4 million, primarily attributable to the purchase of property and equipment of approximately \$91.8 million and payment of approximately \$6.7 million for the acquisition of non-controlling interests.

Net cash used in investing activities in the year ended December 31, 2024 was approximately \$44.0 million, primarily attributable to the purchase of property and equipment of approximately \$44.0 million.

Net cash used in investing activities in the year ended December 31, 2023 was \$114.2 million, which was primarily attributable to payments to third party for purchase and construction of property and equipment of \$114.1 million.

Financing Activities

Net cash provided by financing activities in the year ended December 31, 2025 was approximately \$9.1 million, which was primarily due to a capital injection of \$4.0 million from a non-controlling shareholder, proceeds from short-term borrowings of approximately \$56.7 million and borrowings from a related party of approximately \$12.0 million, partially offset by repayment of short-term bank borrowings of approximately \$57.2 million and repayment of related-party borrowings of approximately \$6.0 million.

Net cash used in financing activities in the year ended December 31, 2024 was approximately \$2.1 million, which was primarily due to proceeds of \$6.0 million from a private placement, borrowings from a bank, including short-term and long-term, of approximately \$65.7 million and borrowings from a related party of approximately \$5.0 million, partially offset by a repayment of borrowings, including short-term and long-term, of approximately \$39.5 million to the bank, repayment of borrowings of approximately \$38.1 million to a related party, and payment of offering cost of approximately \$1.1 million.

Net cash provided by financing activities in the year ended December 31, 2023 was \$146.2 million, which was primarily due to capital injection from shareholders of \$42.4 million and borrowings from a related party of \$93.6 million.

Material Cash Requirements

Our material cash requirements as of December 31, 2025 and any subsequent period primarily include our capital expenditures and non-cancellable lease obligations.

Capital Expenditures

We incur capital expenditures primarily for the purchase of property and equipment. For the year ended December 31, 2025, 2024 and 2023, we purchased property and equipment of approximately \$91.8 million, \$44.0 million and \$114.2 million, respectively. We funded our capital expenditures primarily with cash flows generated from operating and financing activities. We intend to fund our future capital expenditures with our existing cash balance, anticipated cash flows from operations and financing alternatives. We will continue to make capital expenditures to meet the expected growth of its business.

Other than as disclosed in Note 18 to our consolidated financial statements, we did not have any significant capital and other commitments, long-term obligations or guarantees as of December 31, 2024.

We have not entered into any significant financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any off-balance sheet derivative instruments. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

C. Research and Development, Patents and Licenses, etc.

See “Item 4.B. Business Overview – Research and Development” and “– Intellectual Property” in this annual report.

D. Trend Information

Other than as disclosed elsewhere in this annual report on Form 20-F, we are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net revenues, income from operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

E. Critical Accounting Estimates

In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities in the future.

We consider an accounting estimate to be critical if: (i) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (ii) changes in the estimate that are reasonably likely to occur from period to period or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations. The management determines there are no critical accounting estimates.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

Our board of directors and executive officers as of the date of this annual report are as follows.

Name	Age	Position
Takahiko Onozuka	65	Chief Executive Officer and Director
Taewoo Chung	50	Chief Financial Officer and Director
Aihua Wang	72	Chief Technology Officer and Director
Alfred “Trey” Hickey	63	Director
Anders Karlsson	61	Director
Hiroyuki Tahara	73	Director
June Han	49	Director

Mr. Takahiko Onozuka serves as our Chief Executive Officer, director and Chairman of the Board of Directors. Mr. Onozuka has over 40 years’ experience in international finance, energy infrastructure and decarbonization, where he was involved in project and structured finance, business origination, risk management, and stakeholder engagement across Asia, Europe, the Middle East, and Africa. Since September 9, 2025, he served as the general manager of Global Decarbonization Promoting Office of Abalance Corporation, a public company listed on the Tokyo Stock Exchange. From October 2012 to August 2025, he served as an assistant to the general manager of Sumitomo Corporation, where he was involved in investment and project development of large-scale Independent Power Producer (IPP) projects, primarily gas-fired power plants in the Middle East, as well as coal-fired power projects in Indonesia and Vietnam and decarbonization initiatives for hard-to-abate industries, including steel, cement and aluminum sectors. Mr. Onozuka worked for 28 years at the Export-Import Bank of Japan, which was reorganized into the Japan Bank for International Cooperation (JBIC), where he was involved in sovereign and corporate finance, structured and project finance for overseas infrastructure and resource-related investments in collaboration with Japanese trading houses, and climate-change policy and renewable energy initiatives.

Mr. Onozuka holds nationally accredited professional certifications in Japan, including First-Class Bookkeeping Certification, Certified Energy Manager and Third-Class Electrical Chief Engineer. Mr. Onozuka obtained his bachelor’s degree in law from Waseda University in Japan.

Mr. Taewoo Chung joined us as the Chief Financial Officer on March 1, 2024 and has served as the Director since July 2024. Mr. Chung has over 20 years of experience in global capital markets, structured finance, and investment management across Asia, with expertise in equity and debt financing, project finance, and cross-border capital structuring. He joined Abalance as an executive officer responsible for finance matter in January 2024. From August 2017 to December 2023, Mr. Chung was the managing partner in Golden Equator Group, a Singaporean holding group of businesses focusing on finance, where he was primarily engaged in fund raising and financing advise. Earlier in his career, Mr. Chung held several senior roles within the Nomura Group, including Vice President in the Asset Finance Department at Nomura Securities Co., Ltd. (2014–2016), where he advised on structured equity and debt financing transactions, and Director at Nomura-Rifa Asset Management Co., Ltd. (2010–2014), where he oversaw investment management and corporate operations. Mr. Chung began his career in capital markets and structured finance roles at leading global financial institutions, including Deutsche Bank, ING Barings, Standard & Poor’s, and Barclays Capital. Mr. Chung obtained his bachelor’s degrees in economics and molecular & cell biology from the University of California, Berkeley in 1999.

Dr. Aihua Wang, Ph.D. joined TOYO as the Chief Technology Officer in January 2024 and has served as the Director of TOYO since July 2024. Prior to joining us, Dr. Wang served as the head of research and vice president at China Sunergy, a manufacturer of high-efficiency solar photovoltaic modules in Nanjing, China, from 2007 to 2015, and vice chief engineer at CEEG (Nanjing) PV-Tech Co., Ltd, from 2004 to 2007. Focusing on high efficiency PERL cells and associated technologies, Dr. Wang served successively as a professional officer at the Centre for Photovoltaic Devices and Systems in the University of New South Wales from 1991 to 1995, project scientist from 1995 to 2000, and senior research fellow from 2000 to 2015 at the Photovoltaics Special Research Centre of the University of New South Wales. Dr. Wang received a Ph.D. in Electrical Engineering from University of New South Wales in 1993 and a Bachelor of Engineering in Microelectronics from Nanjing Institute of Technology in 1978.

Mr. Alfred “Trey” Hickey has served on the board of directors since July 2024. Mr. Hickey has more than 20 years of experience at leading tourism companies specializing in the cruise industry. Mr. Hickey served as the independent director of BWAQ from February 2022 to July 2024. Since 2020, Mr. Hickey has served as the Managing Partner at Global Distribution Solutions Pte. Ltd., the parent company of Discover River Cruises, a boutique river cruise company operating in Europe’s Danube and Rhine Rivers. From February 2000 to June 2020, Mr. Hickey served as the Senior Vice President at Princess Cruises, Cunard Line, Seabourn Cruises and Carnival Corporation & plc. Mr. Hickey also served as Carnival Corp’s Chief Representative Officer in China, President of Carnival Corp Japan, and served on the board of Carnival Corp Taiwan. Mr. Hickey also served on the board of the Pacific Asia Travel Association and the Cruise Line International Association, Asia. Mr. Hickey received a Bachelor’s degree in Economics from University of Rhode Island in 1988, and a Bachelor’s degree in Asian Studies from Seinan Gakuin University in Fukuoka, Japan, in 1988.

Dr. Anders Karlsson, Ph.D. has served on the board of directors since July 2024. Dr. Karlsson has 30 years of academic experience in academia, government and industry related to science, technology and innovation policy, and more than ten years of experience related to renewable energy, sustainability and corporate governance policies. Dr. Karlsson joined Elsevier in 2012 as Vice President, Global Strategic Networks in charge of the Asia Pacific Region. Before Elsevier, Dr. Karlsson was the Counselor for Science and Innovation at the Embassy of Sweden in Tokyo, Japan for five years. Dr. Karlsson is the Japan chapter chair of the International Association of Scientific, Technical and Medical Publishers and a steering committee member of the International Network for Government Science Advice Asia Chapter. From March 2023, Dr. Karlsson is also a member of the board of the non-profit Swedish Foundation for the Internationalization of Higher Education and Research. Dr. Karlsson has been a member of Elsevier's sustainability board and contributed to several of Elsevier's analytical reports, including on Sustainability Research. Dr. Karlsson has been professor in Quantum Photonics at the KTH Royal Institute of Technology, Stockholm, Sweden. His work leading a consortium on quantum information technology was awarded the EU René Descartes Research Prize in 2004. Dr. Karlsson has been Visiting Scientist at NTT Basic Research Labs, Stanford University, École Polytechnique Paris, Zhejiang University and Senior Advisor at Osaka University. Dr. Karlsson received a Ph.D. in Electrical Engineering and a Master degree of Science in Engineering Physics, both from KTH Royal Institute of Technology.

Mr. Hiroyuki Tahara has served on the board of directors since July 2024. In July 2003, Mr. Tahara founded the Core Competence Corporation, a boutique mergers and acquisitions firm and has served as its President and Chief Executive Officer since then. Prior to that, Mr. Tahara worked in investment banking for more than 25 years, primarily in mergers and acquisitions area. From February 1998 to June 2003, Mr. Tahara served at the Nikko Securities Co., Ltd primarily handling the mergers and acquisitions matters. From April 1975 to January 1998, Mr. Tahara served at Yamaichi Securities Co., Ltd. with a focus on mergers and acquisitions field. Mr. Tahara obtained his Bachelor's degree in Law from Sophia University in March 1975.

Ms. June Han has served on the board of directors since July 2024. Ms. Han has extensive experience in providing legal advisory service to renewable energy companies, manufacturing companies and other public companies. From February 2020 to May 2023, Ms. Han served as senior corporate counsel at Renesas Electronics Corporation, a Japanese semiconductor manufacturer headquartered in Tokyo, where she was mainly responsible for providing legal advice on joint venture, acquisitions, financing and manufacturing arrangements. She served as senior legal counsel at Trina Solar Japan Energy Co., Ltd., a company specializing in the development, engineering and operation of solar plants in Japan, from August 2017 to January 2020, where she was primarily responsible for the strategic and transactional matters related to utility-scale renewable energy business in Japan, including greenfield development, brown field origination etc. Prior to that, she worked successively at Skadden, Arps, Slate, Meagher & Flom LLP, Morrison & Foerster LLP, and Hogan Lovells LLP as associate from March 2013 to July 2017, with her focus on structured finance, U.S. capital market, infrastructure and energy. Ms. Han received her Juris Doctor from New York Law School in December 2012, Master of Business Administration from Hitotsubashi University in May 2003, and a Bachelor's degree in Mass Communication Studies from University of California, Los Angeles in March 1999.

B. Compensation

The aggregate compensation paid to the directors and executive officers in cash and benefits in kind was approximately \$0.89 million for the year ended December 31, 2025. For awards granted to TOYO's executive officers and directors, see the section entitled "*Share Incentive Plans — Share Incentive Plan.*" We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to TOYO's executive officers and sole director, prior to the consummation of the Business Combination, or to our executive officers and directors, following the consummation of the Business Combination.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate employment for cause, at any time, for certain acts of the executive officer, such as continued failure by the executive officer to satisfactorily perform his/her duties, or the executive officer's conviction or entry of a guilty or nolo contendere plea of any felony or any misdemeanor involving moral turpitude. We may also terminate an executive officer's employment without cause upon three-month advance written notice.

Each executive officer has agreed to hold, both during and after the termination or expiry of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our clients or prospective clients, or the confidential or proprietary information of any third party received by our company and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to our company all inventions, designs and trade secrets which they conceive, develop or reduce to practice during the executive officer's employment with us and to assign all rights, title and interest in them to us, and assist us in obtaining and enforcing patents, copyrights and other legal rights for these inventions, designs and trade secrets.

In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and typically for one year following the last date of employment. Specifically, each executive officer has agreed not to (i) engage in, or otherwise directly or indirectly being employed by or acting as a consultant or lender to, or being a director, officer, employee, principal, agent, stockholder, member, owner or partner of, or permitting the executive officer's name to be used in connection with the activities of, any other business or organization which competes, directly or indirectly, with us; (ii) solicit from any customer doing business with us during the term; or (iii) otherwise interfere with the business or accounts of us.

We have also entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

Share Incentive Plans

We have adopted a share incentive plan (the “TOYO ESOP”), under which we may grant share incentive awards to eligible service providers in order to attract, retain and motivate the talent for which we compete. The material terms of the TOYO ESOP are summarized below.

Eligibility and Administration. The employees, consultants and directors of TOYO or any parent, subsidiary or Related Entity (as defined in the TOYO ESOP) of TOYO will be eligible to receive awards under the TOYO ESOP. The TOYO ESOP is administered by a committee of one or more members of the TOYO board to whom the TOYO’s board shall delegate the authority to grant or amend awards to service providers other than any of such committee members, subject to certain limitations that may be imposed under applicable law and stock exchange rules.

Limitation on Awards and Shares Available. The number of Ordinary Shares initially be approved for issuance under the TOYO ESOP (the “Share Limit”) is 4,440,500 shares. Subject to the authorized share capital as provided in the memorandum of association and articles of association of TOYO then in effect, the Share Limit will be increased automatically on January 1st of each calendar year during the term of the TOYO ESOP commencing on January 1st 2025 (each, an “Evergreen Date”), by an amount equal to one percent (1%) of the total number of outstanding shares of TOYO on the end of the calendar year immediately preceding the applicable Evergreen Date. The shares that TOYO issues under the TOYO ESOP may be newly issued shares, treasury shares or shares purchased on the open market. If an award is terminated, forfeited, expires or lapses for any reason, any shares subject to such award may be used again for new grants under the TOYO ESOP.

Awards. The TOYO ESOP provides for the grant of options, restricted shares and restricted share units. Each award under the TOYO ESOP will be set forth in a notice of grant, which will detail the terms and conditions of awards, including, among others, the term of the award, the vesting schedule, and the provisions that are applicable in the event that the grantee’s employment or service terminates.

Transfer Restrictions. Unless otherwise expressly provided in the TOYO ESOP, by applicable laws and by the notice of grant, an award is non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance, or charge.

Plan Amendment and Termination. With the approval of the board of directors, the committee may amend or terminate the TOYO ESOP at any time; however, no termination or amendment may adversely affect in any material way an award outstanding under the TOYO ESOP without the consent of the affected participant.

C. Board Practices

Board of Directors

Our board of directors consists of seven directors, including three independent directors. A director is not required to hold any shares in our company by way of qualification. Subject to the Nasdaq rules and disqualification by the chairman of the relevant board meeting, a director may vote in respect of any contract or transaction or proposed contract or transaction notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the directors at which any such contract or transaction or proposed contract or transaction shall come before the meeting for consideration. The directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof, to issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. None of the Company’s non-executive directors has a service contract with the Company that provides for benefits upon termination of service.

Duties of Directors

Under the laws of the Cayman Islands, directors have fiduciary duties to the company, including a duty of loyalty, a duty to act honestly and a duty to act in good faith with a view to the company’s best interests. The Company’s directors must also exercise their powers only for a proper purpose. The Company’s directors also have a duty to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with the Company’s memorandum and articles of association, as amended and restated from time to time. A shareholder has the right to seek damages if a duty owed by the directors is breached.

The functions and powers of the Company’s board of directors include, among others:

- convening shareholders’ annual general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of officers; and
- exercising the borrowing powers of our company and mortgaging the property of our company.

Terms of Directors and Executive Officers

The board of directors may, by the affirmative vote of a simple majority of the directors present and voting at a board meeting, or the Company may by ordinary resolution, appoint any person to be a director. In addition, our board of directors may, by the affirmative vote of a simple majority of the remaining directors present and voting at a board meeting, appoint any person as a director either to fill a casual vacancy on our board or as an addition to the existing board. Unless otherwise determined by our company in general meeting, we shall have up to seven (7) directors. The office of director shall be vacated, if the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing to our company; (iv) is removed from office pursuant to any other provision of our articles of association; or (v) without the consent of the other directors, is absent from meetings of directors for a continuous period of six months; or (vi) is prohibited by the law of the Cayman Islands from acting as a director.

Our officers are elected by and serve at the discretion of our board of directors.

Committees of the Board of Directors

We have established an audit committee, a compensation committee and a nominating and corporate governance committee. We have adopted a charter for each of these committees. Each committee's members and functions are described below.

Audit Committee

Our audit committee consists of Hiroyuki Tahara, Alfred "Trey" Hickey and Anders Karlsson. Hiroyuki Tahara is the chairperson of our audit committee. Each of Hiroyuki Tahara, Alfred "Trey" Hickey and Anders Karlsson satisfies the independence requirements under Rule 5605(c)(2) of the Nasdaq Stock Market Rules and meets the criteria for independence set forth in Rule 10A-3 of the Exchange Act, as well as the criteria of an audit committee financial expert as set forth under the applicable rules of the SEC.

Our audit committee will oversee our company's accounting and financial reporting processes and the audits of our financial statements. The audit committee will be responsible for, among other things:

- selecting the independent auditor;
- pre-approving audit and non-audit services permitted to be performed by the independent auditor;
- annually reviewing the independent auditor's report describing the auditing firm's internal quality control procedures, any material issues raised by the most recent internal quality control review, or peer review, of the independent auditors and all relationships between the independent auditor and TOYO;
- reviewing responsibilities, budget and staffing of our internal audit function;
- reviewing with the independent auditor any audit problems or difficulties and management's response;
- reviewing and, if material, approving all related party transactions on an ongoing basis;
- reviewing and discussing the annual audited financial statements with management and the independent auditor;
- reviewing and discussing with management and the independent auditors major issues regarding accounting principles and financial statement presentations;

- reviewing analyses prepared by management or the independent auditors setting forth significant financial reporting issues and judgments;
- discussing with management and the independent auditors earnings press releases as well as financial information and earnings guidance provided to analysts and rating agencies;
- reviewing with management and the independent auditors the effect of significant regulatory or accounting initiatives or developments, as well as off-balance sheet structures, on our financial statements;
- discussing policies with respect to risk assessment and risk management with management and internal auditors;
- timely reviewing reports from the independent auditor regarding all critical accounting policies and practices to be used by TOYO, all alternative treatments of financial information within U.S. GAAP that have been discussed with management and all other material written communications between the independent auditor and management;
- establishing procedures for the receipt, retention and treatment of complaints received from our employees regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters;
- such other matters that are specifically delegated to our audit committee by our board of directors from time to time; and
- meeting separately, periodically, with management, internal auditors and the independent auditor.

Compensation Committee

Our compensation committee consists of Takahiko Onozuka, Alfred “Trey” Hickey and Hiroyuki Tahara. Takahiko Onozuka is the chairperson of the compensation committee. Each of Alfred “Trey” Hickey and Hiroyuki Tahara satisfies the independence requirements under Rule 5605(a)(2) of the Nasdaq Stock Market Rules.

Our compensation committee will be responsible for, among other things:

- overseeing and assessing our overall compensation practices and objectives;
- reviewing and approving, or recommending to the board of directors, corporate goals and objectives relevant to the Company’s executive officers’ compensation;
- reviewing and approving, or recommending to the board of directors, the Company’s executive officers’ employment or post-employment agreement or arrangement with the Company;
- reviewing and recommending to the board of directors the form and amount of the Company’s director compensation.
- administering the Company’s equity-based compensation plans in accordance with the terms thereof; and
- such other matters that are specifically delegated to the compensation committee by the Company’s board of directors from time to time.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Takahiko Onozuka, Alfred “Trey” Hickey and June Han. Takahiko Onozuka is the chairperson of the nominating and corporate governance committee. Each of Alfred “Trey” Hickey and June Han satisfies the independence requirements under Rule 5605(a)(2) of the Nasdaq Stock Market Rules.

Our nominating and corporate governance committee will be responsible for, among other things:

- selecting and recommending to our board of directors nominees for election by the shareholders or appointment by the board;

- considering questions of independence and possible conflicts of interest of members of our board of directors and executive officers;
- reviewing and recommending to our board of directors concerning the size, structure, composition and functioning of the board of directors and its committees; and
- evaluating developments in corporate governance and shareholder engagement, reviewing our governance documents, disclosures and other actions related thereto, and recommending to our board of directors, as conditions dictate, proposed amendments to the governance documents.

D. Employees

We had 2,552, 528 and 814 full-time employees as of December 31, 2025, 2024 and 2023, respectively. None of our employees are subject to a collective bargaining agreement. We believe that we maintain a good working relationship with our employees, and we have not experienced any material disputes with our employees in our history.

E. Share Ownership

See Item 7 below.

F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets forth information regarding the beneficial ownership of Ordinary Shares by:

- each person known by us to be the beneficial owner of more than 5% of Ordinary Shares;
- each of our directors and executive officers; and
- all our directors and executive officers as a group.

Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if that person possesses sole or shared voting or investment power over that security. A person is also deemed to be a beneficial owner of securities that the person has a right to acquire within 60 days including, without limitation, through the exercise of any option, warrant or other right or the conversion of any other security. Such securities, however, are deemed to be outstanding only for the purpose of computing the percentage beneficial ownership of that person but are not deemed to be outstanding for the purpose of computing the percentage beneficial ownership of any other person. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities.

The percentage of our Ordinary Shares beneficially owned is computed on the basis of 37,758,997 Ordinary Shares issued and outstanding as of the date of this annual report, excluding (i) the 4,970,007 Ordinary Shares issuable upon the exercise of the Warrants in cash outstanding as of the date of this annual report and (ii) the 50,000 Ordinary Shares issuable upon the exercise of the warrants issued by the Company as of the date of this annual report.

Unless otherwise indicated, we believe that all persons named in the table below have sole voting and investment power with respect to all Ordinary Shares beneficially owned by them.

Name and Address of Beneficial Owner⁽¹⁾	Number of Ordinary Shares Beneficially Owned	Percentage of Outstanding Ordinary Shares
Officers and Directors		
Takahiko Onozuka	—	—%
Taewoo Chung	30,000	*
Aihua Wang	30,000	*
Alfred “Trey” Hickey	36,000	*
Anders Karlsson	6,000	*
Hiroyuki Tahara	11,000	*
June Han	6,000	*
All officers and directors as a group (7 individuals)	119,000	*
5% Holders		
Junsei Ryu ⁽²⁾⁽³⁾	30,339,264	80.4%

* Less than 1% of the total number of outstanding Ordinary Shares

(1) Unless otherwise noted, the business address of each of the following is 16F, Tennoz First Tower, 2-2-4, Higashi-Shinagawa, Shinagawa-ku, Tokyo, Japan 140-0002.

(2) The registered address for WAG is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, George Town, Cayman Islands. The registered address for BestToYo is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, George Town, Cayman Islands.

(3) Represents (i) 15,153,628 Ordinary Shares directly held by WAG, and (ii) 15,185,636 Ordinary Shares directly held by BestToYo. As of the date of this annual report, Mr. Ryu serves as the sole director of BestToYo and the sole director of WAG, deemed to have voting, dispositive or investment powers over BestToYo and WAG, respectively.

B. Related Party Transactions

Employment Agreements and Indemnification Agreements

See “Item 6. Directors, Senior Management and Employees—Employment Agreements and Indemnification Agreements.”

Share Incentive Plan

See “Item 6. Directors, Senior Management and Employees — Share Incentive Plan.”

Other Related Party Transactions

Sales of Solar Cells to VSUN

TOYO Solar has entered into three framework agreements with VSUN in August and November 2023 and October 2024, respectively. Under each framework agreement, if TOYO Solar’s delivery is overdue, TOYO Solar will be responsible for a daily penalty as a percentage of the overdue solar cell products, up to 5% of the total value under the relevant purchase order; VSUN shall have the right to terminate the Framework Agreement if TOYO Solar’s delivery is overdue for more than 10 days or if TOYO Solar violates applicable laws and regulations; and the price of the purchase will be determined on an order-by-order basis. Under the framework agreement entered into in November 2023, VSUN agrees to purchase solar cells from TOYO Solar and make a prepayment in the amount of \$15 million, to be deducted from the monthly purchase orders. We also entered into a certain long-term agreement with VSUN in November 2024 to agree to use our reasonable best efforts to fulfill purchase orders for solar cells from VSUN, pursuant to which VSUN has made an advanced deposit of \$30 million for purchase orders.

For the year ended December 31, 2025, TOYO derived revenue from sales of solar cells to VSUN in an amount of approximately \$154.7 million.

Through its operating subsidiary, TOYO Solar, TOYO is committed to building a diversified customer base, and intends to manufacture and supply its solar cells under the “*TOYO Solar*” brand to its affiliate VSUN and a select group of PV module manufactures. In dealings with VSUN, TOYO operates primarily under a contract manufacturing model, fulfilling specific orders placed by VSUN. This arrangement minimizes TOYO’s exposure to broader market risks while still subjecting it to the typical risks associated with contract manufacturing. Notably, factors such as VSUN’s production capacity, utilization rates, raw material costs, and product quality directly influence the financial outcomes of these transactions, bearing implications for TOYO’s revenue streams.

The pricing strategy for these related-party transactions is meticulously structured around the cost-plus method, which involves the following procedural steps:

Step 1: Calculation of TOYO’s cost base for producing solar cells.

Step 2: Establishment of a mark-up rate to be applied to the cost base.

Step 3: Determination of the transfer prices for the solar cell products, calculated as the cost base multiplied by the sum of 1 plus the mark-up rate.

The pricing approach outlined above is informed by an analysis conducted by an independent research entity commissioned by TOYO Solar, TOYO’s operating subsidiary. The analysis was aimed at establishing a robust pricing policy for transactions between TOYO Solar, as the seller of solar cells, and VSUN, as the buyer of solar cells. The recommendations from the independent research entity’s report also endorsed the utilization of the cost-plus method for determining the transfer prices for the solar cell products.

Purchase of Raw Materials from VSUN’s Subsidiaries

TOYO Solar does not have a long-term or framework agreement with VSUN’s subsidiary and places orders on a per-transaction basis. Based on TOYO Solar’s customary form of sales contract with VSUN’s subsidiary, in the event of payment delay, TOYO Solar will incur a daily penalty of 0.5% of the outstanding payment, with the cumulative penalty capping at 20% of the total contract value. If VSUN’s subsidiary delivers goods overdue, it will be liable for a daily penalty as a percentage of the overdue, up to 20% of the total value of the relevant contract.

For the year ended December 31, 2025, we purchased raw materials from VSUN’s subsidiary in an amount of approximately \$102.7 million, which accounted for approximately 31.6% of our total purchase of inventories.

Other transactions with VSUN and its Subsidiary

Name	Relationship with the Company
Fuji Solar Co., Ltd.	Controlled by the controlling shareholder of the Company
VSUN	Controlled by Fuji Solar
Vietnam Sunergy (Bac Ninh) Company Limited (“VSun Bac Ninh”)	Wholly owned by VSUN
VSun Solar USA Inc. (“VSun USA”)	Wholly owned by VSUN
VSun China Co., Ltd. (“VSun China”)	Wholly owned by VSUN
Vietnam Sunergy Europe GmbH (“VSun GmbH”)	Wholly owned by VSUN

	For the Year Ended December 31,		
	2025	2024	2023
Sales and service revenue from related parties			
VSUN	\$ 154,690,933	\$ 116,937,974	\$ 61,504,724
VSun USA	8,939,297	5,252,064	—
VSun Bac Ninh	6,572,678	337,346	—
VSun China	887,289	4,743,878	—
Total	\$ 171,090,197	\$ 127,271,262	\$ 61,504,724
Purchase of raw materials and services from a related party			
VSun China	\$ 94,932,303	\$ 48,484,527	\$ 49,601,203
VSUN USA	7,788,309	—	—
Total	\$ 102,720,612	\$ 48,484,527	\$ 49,601,203
Purchase of machinery from a related party			
VSun China	\$ —	\$ 1,542,768	\$ 126,272
Purchase of trademarks from related parties (a)			
VSUN	\$ 128,000	\$ —	\$ —
VSUN GmbH	212,000	—	—
Total	\$ 340,000	\$ —	\$ —
Payment of operating expenses by related parties on behalf of the Company			
VSUN	\$ —	\$ 59,802	\$ 104,113
Others	92,549	19,520	—
Total	\$ 92,549	\$ 79,322	\$ 104,113
Repayment of operating expenses to a related party paid on behalf of the Company			
VSUN	\$ 60,000	\$ 148,000	\$ —
Others	111,069	—	—
Total	\$ 171,069	\$ 148,000	\$ —
Payment of offering cost by a related party on behalf of the Company			
Fuji Solar (b)	\$ —	\$ —	\$ 1,179,129
Repayment of offering cost paid by a related party on behalf of the Company			
Fuji Solar (b)	\$ —	\$ 81,025	\$ 1,098,104
Prepayments of raw materials to related parties (c)			
VSUN	\$ 72,264	\$ —	\$ —
VSun China	—	—	24,845,082
Total	\$ 72,264	\$ —	\$ 24,845,082
Borrowings from related parties			
VSUN (d)	\$ —	\$ —	\$ 93,571,624
VSun USA (e)	12,000,000	5,000,000	—
Total	\$ 12,000,000	\$ 5,000,000	\$ 93,571,624
Repayment of borrowings to a related party			
VSUN (d)	\$ —	\$ 38,093,104	\$ —
VSun USA (e)	6,000,000	—	—
Total	\$ 6,000,000	\$ 38,093,104	\$ —
Accrual of interest expenses on borrowings from related parties			
VSUN (d)	\$ 920,722	\$ 1,382,890	\$ 3,163,557
VSun USA (e)	634,384	14,995	—
Total	\$ 1,555,106	\$ 1,397,885	\$ 3,163,557
Repayment of interest expenses on borrowings from a related party			
VSUN (d)	\$ —	\$ 1,391,911	\$ —
VSun USA (e)	252,600	—	—
Total	\$ 252,600	\$ 1,391,911	\$ —

(a) For the year ended December 31, 2025, the Company purchased trademarks of \$128,000 and \$212,000 from VSUN and VSUN GmbH, respectively. The trademark acquisition transactions between the Company and the related parties are transactions under common control and are recorded at carryover basis in accordance with ASC 805-50. At the parent company level, the carrying value of the intangible assets were zero. Accordingly, separately identifiable intangible asset is not recognized.

- (b) For the year ended December 31, 2023, Fuji Solar paid offering cost of \$1,179,129 on behalf of the Company. In the same year, the Company repaid offering cost of \$1,098,104 to Fuji Solar. For the year ended December 31, 2024, the Company fully paid the remaining offering cost of \$81,025 to Fuji Solar.
- (c) For the year ended December 31, 2025, the Company made prepayments of \$72,264 to VSUN for raw materials, all which were delivered to the Company as of the date of this report. For the year ended December 31, 2023, the Company also made prepayments of \$24,845,082 to VSun China for raw materials, all which were delivered to the Company in the year of 2024. For the year ended December 31, 2024, the Company did not make prepayments to VSun China for raw materials.
- (d) For the year ended December 31, 2023, the Company borrowed loans of approximately \$93.6 million (VND 2.2 trillion) from VSUN as working capital and payment for property and equipment. Each loan is matured in one year from borrowing. The interest rate of borrowings were 9.5% before August 2023, and reduced to 8% for August 2023 and further reduced to 7% since September 2023.

For the year ended December 31, 2024, the Company did not borrow loans, while repaid loans of approximately \$38.1 million (VND 954.5 billion) to VSUN. In December 2024, VSUN reduced the interest rate of borrowings to 2%, and applied the reduced interest rate to borrowings of 2023. For the year ended December 31, 2024, the Company reversed interest expenses of 2023 in the amount of \$1,505,865 as a result of reduced interest rate of borrowings.

For the year ended December 31, 2025, the Company did not borrow loans from or repaid loans to VSUN.

For the year ended December 31, 2025, 2024 and 2023, the Company accrued interest expenses of \$920,722, \$1,382,890 and \$3,163,557 on the borrowings, respectively. For the year ended December 31, 2025, 2024 and 2023, the Company paid interest expenses of \$nil, \$1,391,911 and \$nil to VSUN.

- (e) In December 2024, the Company borrowed a loan of \$5.0 million from VSun USA as payment for property and equipment in TOYO Texas. The loan was matured in December 2025 and extended to December 2026. The interest rate of borrowings were 4.2% and is payable on maturity of the borrowing.

For the year ended December 31, 2025, the Company borrowed a loan of \$12.0 million from VSun USA as payment for property and equipment in TOYO Texas. The loan was matured through March 2026. The interest rate of borrowings were 4.2% and is payable on maturity of the borrowing.

For the year ended December 31, 2025 and 2024, the Company accrued interest expenses of \$634,384 and \$14,995, respectively.

Balances with related parties

Accounts receivable – related parties

Related party	Nature of balance	December 31, 2025	December 31, 2024
VSun USA	Sales to the related party	\$ 486,378	\$ 3,474,214
VSun China	Sales to the related party	8,317	4,402,462
VSUN	Sales to the related party	—	3,963,972
Total		\$ 494,695	\$ 11,840,648

Prepayments — a related party

Related party	Nature of balance	December 31, 2025	December 31, 2024
VSUN	Prepayments for raw materials	\$ 72,264	\$ —
Total		\$ 72,264	\$ —

Accounts payable — a related party

Related party	Nature of balance	December 31, 2025	December 31, 2024
VSun China	Purchase of raw materials	\$ 3,269,212	\$ —
Total		\$ 3,269,212	\$ —

Contract liabilities — related parties

Related party	Nature of balance	December 31, 2025	December 31, 2024
VSUN	Advance for solar cells	\$ 78,856,795	\$ 20,000,000
VSun USA	Advance for solar modules	1,491,508	98,561
Total		\$ 80,348,303	\$ 20,098,561

Due to related parties

Related party	Nature of balance	December 31, 2025	December 31, 2024
VSUN	Borrowings	\$ 48,530,388	\$ 50,059,338
VSUN	Interest payable	2,390,023	1,469,301
VSUN	Payment of other operating expenses on behalf of the Company	10,098	70,219
VSun USA	Borrowings	11,000,000	5,000,000
VSun USA	Interest payable	396,778	14,995
Others	Payment of other operating expenses on behalf of the Company	1,000	19,520
Total		\$ 62,328,287	\$ 56,633,373

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

Financial Statements

See Item 19 for our audited consolidated financial statements.

Legal Proceedings

Except as disclosed elsewhere in this annual report, we are currently not a party to any material legal or administrative proceedings. We have been, and may from time to time in the future, be subject to various legal and administrative proceedings arising in the ordinary course of our business. Such claims or legal actions, even if without merit, could result in the expenditure of significant financial and management resources and potentially result in civil liability for damages.

Dividend Policy

We may declare dividends on the Ordinary Shares from time to time. The declaration, payment and amount of any future dividends will be made at the discretion of our board of directors and will depend upon, among other things, the results of operations, cash flows and financial condition, operating and capital requirements, and other factors as our board of directors considers relevant. There is no assurance that future dividends will be paid, and if dividends are paid, there is no assurance with respect to the amount of any such dividend.

The distribution of dividends is also be limited by the Cayman Companies Act, which permits the distribution of dividends only out of either profit or share premium account of the company, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business immediately following the date on which the distribution or dividend is proposed to be paid. Under the amended and restated memorandum and articles of association of TOYO, subject to any rights and restrictions for the time being attached to any shares, the directors may from time to time declare dividends (including interim dividends) and other distributions on shares in issue and authorize payment of the same out of the funds of TOYO lawfully available therefor. TOYO by ordinary resolution may declare dividends, but no dividend shall exceed the amount recommended by the directors of TOYO

B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Ordinary Shares are listed on Nasdaq under the symbol “TOYO.” Warrants are traded on the OTC Markets under symbol “TOYWF.” Holders of Ordinary Shares and Warrants should obtain current market quotations for their securities.

B. Plan of Distribution

Not applicable.

C. Markets

Ordinary Shares are listed on Nasdaq under the symbol “TOYO.” Warrants are traded on the OTC Markets under symbol “TOYWF.”

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

The amended and restated articles of association of the Company (“Company Charter”) effective as of July 1, 2024 were filed as Exhibit 3.1 to the Registration Statement on Form F-1 (File No: 333-283617) filed on December 5, 2024 (“Form F-1”) and are hereby incorporated by reference into this annual report.

The description of the Company Charter contained in the Form F-1 in the section titled “Description of Securities” is incorporated herein by reference.

C. Material Contracts

Other than in the ordinary course of business and other than those described below and in “Explanatory Note,” “Item 4. Information on the Company,” “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions” or elsewhere in this annual report, including the below, we have not entered into any material contract during the two years immediately preceding the date of this annual report.

Amendment to PIPE Purchase Agreement

On March 6, 2024, the Company entered into the PIPE Purchase Agreement, as amended by an amendment on June 26, 2024 (such amendment, separately referred to as “PIPE Amendment”), with BWAQ and NOTAM.

Pursuant to the PIPE Purchase Agreement, NOTAM agrees to purchase a total of 600,000 BWAQ Class A Ordinary Shares (the “NOTAM PIPE Shares”), at a purchase price of \$10.00 per share, for an aggregate purchase price of \$6,000,000. The PIPE Amendment provides that the Company agrees to, conditioned on the completion of the PIPE Closing (as defined in the PIPE Purchase Agreement) and Merger Closing, issue additional Ordinary Shares to NOTAM, on the following terms and conditions:

(i) In the event that, the average closing price of each Ordinary Share (the “Closing Price”) with respect to all trading days in July 2024 is below \$10.00 per share (such average Closing Price, the “First Tranche Average Closing Price”), NOTAM may, following the last trading day in July 2024 (the “First Tranche Cut-off Date”), elect to purchase from the Company at a total purchase price of \$100 such number of Ordinary Shares (“First NOTAM Tranche Additional Shares”) calculated as below:

$$\text{Number of First NOTAM Tranche Additional Shares} = (6,000,000 / \text{First Tranche Average Closing Price} - 600,000) \times \text{Share Held Ratio X.}$$

$$\text{Share Held Ratio X} = \text{Number of Remaining Converted Shares held by NOTAM as of the First Tranche Cut-off Date} / 600,000.$$

Notwithstanding the foregoing, the maximum number of NOTAM First Tranche Additional Shares that NOTAM is entitled to subscribe for under the PIPE Purchase Agreement shall not exceed 500,000.

“Remaining Converted Shares” means the remaining the Ordinary Share acquired by NOTAM upon the conversion of the NOTAM PIPE Shares upon the Merger Closing purchased pursuant to the PIPE Purchase Agreement, excluding any other Ordinary Shares acquired by NOTAM upon and following the Merger Closing, in the open market, from any other parties, or the Additional Shares, if any.

(ii) In the event that the average Closing Price with respect to all trading days in July 2024 and August 2024 is below \$10.00 per share (the “Second Tranche Average Closing Price”), NOTAM may, following the last trading day in August 2024 (the “Second Tranche Cut-off Date”), purchase from the Company at a total purchase price of \$100 such number of Ordinary Shares (“Second NOTAM Tranche Additional Shares”) calculated as below:

$$\text{Number of Second NOTAM Tranche Additional Shares} = (6,000,000 / \text{Second NOTAM Tranche Average Closing Price} - 600,000 - \text{First NOTAM Tranche Additional Shares}) \times \text{Share Held Ratio Y.}$$

$$\text{Share Held Ratio Y} = \text{Number of Remaining Converted Shares held by NOTAM as of the Second Tranche Cut-off Date} / 600,000.$$

Notwithstanding the foregoing, the maximum number of Second NOTAM Tranche Additional Shares that NOTAM is entitled to subscribe for under the PIPE Purchase Agreement shall equal to 500,000 minus the number of the First NOTAM Tranche Additional Shares.

(iii) In the event that the average Closing Price with respect to all trading days in July 2024 through September 2024 is below \$10.00 per share (the “Third Tranche Average Closing Price”), NOTAM may, following the last trading day in September 2024 (the “Third Tranche Cut-off Date” and together with the First Tranche Cut-off Date and the Second Tranche Cut-off Date, each a “Cut-off Date”), purchase from the Company at a total purchase price of \$100 such number of Ordinary Shares (“Third NOTAM Tranche Additional Shares” and together with the First NOTAM Tranche Additional Shares and the Second Tranche Additional Shares, collectively, the “Additional NOTAM Shares”) calculated as below

Number of Third NOTAM Tranche Additional Shares = (6,000,000/ Third Tranche Average Closing Price - 600,000 - First NOTAM Tranche Additional Shares – Second NOTAM Tranche Additional Shares) x Share Held Ratio Z

Shares Held Ratio Z = Number of Remaining Converted Shares held by NOTAM as of the Third Tranche Cut-off Date/600,000

Notwithstanding the foregoing, the maximum number of Third NOTAM Tranche Additional Shares that NOTAM is entitled to subscribe for under the PIPE Purchase Agreement shall equal to 500,000 minus the sum of number of the First NOTAM Tranche Additional Shares and the Second NOTAM Tranche Additional Shares.

As a result, the PIPE Investor acquired 500,000 Ordinary Shares on August 9, 2024 at a purchase price of \$100 in total, pursuant to the PIPE Purchase Agreement.

Earnout Equities Vesting Agreement

On June 29, 2024, in consideration of the development and efforts by the relevant parties in completing the Business Combination, the Company, the Sellers, BWAQ, the Sponsor, TOYO Solar and other relevant parties entered into a certain Earnout Equities Vesting Agreement (the “Earnout Equities Vesting Agreement”) to, among the others, release all the founder shares of BWAQ (“Founder Shares”) held by the Sponsor from being subject to potential surrender or cancellation as provided under the Sponsor Support Agreement (as defined below).

On August 10, 2023, the Sponsor entered into a Sponsor Support Agreement (the “Sponsor Support Agreement”) with BWAQ and the Company, to agree to, among the others, provide certain support for the Business Combination. Pursuant to the Earnout Equities Vesting Agreement, the parties agree that 1,380,000 Founder Shares are deemed vested and released from the Sponsor Earnout Equities (as defined in the Sponsor Support Agreement) and the Sponsor will have the right to covert such 1,380,000 Founder Shares into the right to receive Ordinary Shares at the Merger Closing. Sponsor is also relieved of any of its obligations with respect to either the subscription of additional BWAQ Class A Ordinary Shares or the surrender of additional Sponsor Earnout Equities under the Sponsor Support Agreement.

Acquisition of TOYO Solar Texas LLC

On November 25, 2024, TOYO Solar US entered into that certain Membership Interest Purchase Agreement (the “Membership Interest Purchase Agreement”) with Solar Plus Technology, Inc., a Delaware corporation (“Solar Plus”) and SG GREEN DEVELOPMENT PTE. LTD., an entity organized under the laws of Singapore (“SG Green”).

Pursuant to the Membership Interest Purchase Agreement, Solar Plus agrees to sell to TOYO Solar US all of the issued and outstanding membership interests held by Solar Plus in Solar Plus Technology Texas LLC, a Texas limited liability company, whose name was later changed to TOYO Solar Texas LLC (“Solar Texas LLC”), and, in exchange, TOYO Solar US agrees to issue to Solar Plus 24.99 Class B units of TOYO Solar. As a result, TOYO Solar US became the sole member of TOYO Solar Texas LLC and has two members, (i) TOYO Holdings LLC, a Delaware limited liability company and wholly-owned subsidiary of the Company, holding 75.01% of the membership interests of TOYO Solar, with \$19.96 million as a capital contribution to be made by TOYO Holdings US within one year of the signing, and (ii) Solar Plus holding the remaining 24.99% of the membership interests of TOYO Solar, with 100% of the membership interests of Solar Texas LLC valued at \$6.65 million as a capital contribution to be made within one year of the signing. The Class B units of TOYO Solar US will be issued pursuant to the exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended.

Solar Texas LLC has completed the phase 1 construction of a solar module plant at a leased facility with 567,140 square feet located in the Houston metropolitan area, Texas (the “Texas Facility”). The Texas Facility completed the construction for the first 1GW capacity and commenced production in October of 2025 in anticipation of a strong order pipeline from U.S. customers.

This acquisition aligns with the Company’s mission to expand its footprint in the U.S. to be closer to the majority of its clients, meet the demand for American-made solar panels, and contribute to the growing demand for secure, sustainable energy solutions as demands on the grid continue to rise.

Trademark Acquisition and License

On September 4, 2025, TOYO and TOYO Solar (collectively, the “TOYO Group”), entered into a trademark purchase agreement (each, a “Trademark Purchase Agreement”) with Vietnam Sunergy Europe GmbH, a German company and subsidiary of VSUN (as defined below) (“VSUN Europe”), and VSUN (together with VSUN Europe, “VSUN Group”), a Vietnamese company and our affiliate and a majority-owned subsidiary of Fuji Solar. Pursuant to the Trademark Purchase Agreements, VSUN Group agreed to sell to the TOYO Group its “VSUN” trademarks (the “Subject Trademarks”) registered in 12 jurisdictions, including but limited to, the United States, Canada, Vietnam and Europe, for a total purchase price of \$340,000 (such transaction, the “Trademark Acquisition”).

In connection with and upon the completion of the Trademark Acquisition, on September 12, 2025, each of the Company and TOYO Solar entered into a trademark license agreement with VSUN (each, a “Trademark License Agreement”), pursuant to which the TOYO Group agreed to grant to VSUN a license for VSUN and its subsidiaries and affiliates to use the Subject Trademarks for one (1) year in connection with VSUN’s business purposes, including but not limited to, the manufacturing, promotion, advertising, distribution and sales (the “Trademark License”).

D. Exchange Controls

There are no governmental laws, decrees, regulations or other legislation in the Cayman Islands that may affect the import or export of capital, including the availability of cash and cash equivalents for use by the Company, or that may affect the remittance of dividends, interest, or other payments by the Company to non-resident holders of its Ordinary Shares. There is no limitation imposed by the laws of the Cayman Islands or in the Company Charter on the right of non-residents to hold or vote shares.

E. Taxation

The following is a discussion of certain material U.S. federal income tax considerations generally applicable to the acquisition, ownership, and disposition of Ordinary Shares by a “U.S. Holder.” This discussion applies only to Ordinary Shares that are held by a U.S. Holder as “capital assets” within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not describe all U.S. federal income tax considerations that may be relevant to a U.S. Holder in light of such U.S. Holder’s particular circumstances, nor does it address any state, local, or non-U.S. tax considerations, any non-income tax (such as gift or estate tax) considerations, the alternative minimum tax, the special tax accounting rules under Section 451(b) of the Code, the Medicare contribution tax on net investment income, or any tax consequences that may be relevant to U.S. Holders that are subject to special tax rules, including, without limitation:

- banks or other financial institutions;
- insurance companies;
- mutual funds;
- pension or retirement plans;
- S corporations;
- broker or dealers in securities or currencies;
- traders in securities that elect mark-to-market treatment;
- regulated investment companies;
- real estate investment trusts;
- trusts or estates;
- tax-exempt organizations (including private foundations);
- persons that hold Ordinary Shares as part of a “straddle,” “hedge,” “conversion,” “synthetic security,” “constructive sale,” or other integrated transaction for U.S. federal income tax purposes;
- persons that have a functional currency other than the U.S. dollar;
- certain U.S. expatriates or former long-term residents of the United States;
- persons owning (directly, indirectly, or constructively) 5% (by vote or value) or more of our shares;
- persons that acquired Ordinary Shares pursuant to an exercise of employee stock options or otherwise as compensation;

- partnerships or other entities or arrangements treated as pass-through entities for U.S. federal income tax purposes and investors in such entities;
- “controlled foreign corporations” within the meaning of Section 957(a) of the Code;
- “passive foreign investment companies” within the meaning of Section 1297(a) of the Code; and
- corporations that accumulate earnings to avoid U.S. federal income tax.

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Ordinary Shares, the tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership and the partner. Partnerships holding Ordinary Shares should consult their tax advisors regarding the tax consequences in their particular circumstances.

This discussion is based on the Code, the U.S. Treasury regulations promulgated thereunder, administrative rulings, and judicial decisions, all as currently in effect and all of which are subject to change or differing interpretation, possibly with retroactive effect. Any such change or differing interpretation could alter the tax consequences described herein. Furthermore, there can be no assurance that the Internal Revenue Service (the “IRS”) will not challenge the tax considerations described herein and that a court will not sustain such challenge.

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of Ordinary Shares, that is, for U.S. federal income tax purposes:

- an individual who is a U.S. citizen or resident of the United States;
- a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (i) if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more “United States persons” within the meaning of Section 7701(a)(30) of the Code have the authority to control all substantial decisions of the trust or (B) that has in effect a valid election under applicable U.S. Treasury regulations to be treated as a United States person.

THIS DISCUSSION IS FOR GENERAL INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. U.S. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP, AND DISPOSITION OF ORDINARY SHARES IN THEIR PARTICULAR CIRCUMSTANCES.

Distributions on Ordinary Shares

Subject to the PFIC rules discussed below under “— *Passive Foreign Investment Company Rules*,” distributions on Ordinary Shares generally will be taxable as a dividend for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Such distributions in excess of our current and accumulated earnings and profits will constitute a return of capital that will be applied against and reduce (but not below zero) the applicable U.S. Holder’s adjusted tax basis in its Ordinary Shares. Any remaining excess will be treated as gain realized on the sale or other taxable disposition of the Ordinary Shares and will be treated as described below under “— *Sale or Other Taxable Disposition of Ordinary Shares*.” The amount of any such distributions will include any amounts required to be withheld by us (or another applicable withholding agent) in respect of any non-U.S. taxes. Any such amount treated as a dividend will be treated as foreign-source dividend income. Any such dividends received by a corporate U.S. Holder generally will not qualify for the dividends-received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations. With respect to non-corporate U.S. Holders, any such dividends generally will be taxed at currently preferential long-term capital gains rates only if (i) Ordinary Shares are readily tradable on an established securities market in the United States or we are eligible for benefits under an applicable tax treaty with the United States, (ii) we are not treated as a PFIC with respect to the applicable U.S. Holder at the time the dividend was paid or in the preceding year, and (iii) certain holding period and other requirements are met. Any such dividends paid in a currency other than the U.S. dollar generally will be the U.S. dollar amount calculated by reference to the exchange rate in effect on the date of actual or constructive receipt, regardless of whether the payment is in fact converted into U.S. dollars at that time. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of actual or constructive receipt.

As noted above and subject to applicable limitations, taxing jurisdictions other than the United States may withhold taxes from distributions on Ordinary Shares, and a U.S. Holder may be eligible for a reduced rate of withholding to the extent there is an applicable tax treaty between the applicable taxing jurisdiction and the United States and/or may be eligible for a foreign tax credit against the U.S. Holder’s U.S. federal income tax liability. Recently issued U.S. Treasury regulations, which apply to foreign taxes paid or accrued in taxable years beginning on or after December 28, 2021, may in some circumstances prohibit a U.S. Holder from claiming a foreign tax credit with respect to certain foreign taxes that are not creditable under applicable tax treaties. In lieu of claiming a foreign tax credit, a U.S. Holder may, at such U.S. Holder’s election, deduct foreign taxes in computing such U.S. Holder’s taxable income, subject to generally applicable limitations under U.S. tax law. An election to deduct foreign taxes in lieu of claiming a foreign tax credit applies to all foreign taxes paid or accrued in the taxable year in which such election is made. The foreign tax credit rules are complex and U.S. Holders should consult their tax advisers regarding the application of such rules, including the creditability of foreign taxes, in their particular circumstances.

Sale or Other Taxable Disposition of Ordinary Shares

Subject to the PFIC rules discussed below under “— Passive Foreign Investment Company Rules,” upon any sale or other taxable disposition of Ordinary Shares, a U.S. Holder generally will recognize gain or loss in an amount equal to the difference, if any, between (i) the sum of (A) the amount of cash and (B) the fair market value of any other property received in such sale or disposition and (ii) the U.S. Holder’s adjusted tax basis in the Ordinary Shares. Any such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder’s holding period for such Ordinary Shares exceeds one year. Long-term capital gain recognized by non-corporate U.S. Holders generally will be taxed at currently preferential long-term capital gains rates. The deductibility of capital losses is subject to limitations. For foreign tax credit purposes, any such gain or loss generally will be treated as U.S. source gain or loss.

If the consideration received by a U.S. Holder upon a sale or other taxable disposition of Ordinary Shares is not paid in U.S. dollars, the amount realized will be the U.S. dollar value of such payment calculated by reference to the exchange rate in effect on the date of such sale or disposition. A U.S. Holder may have foreign currency gain or loss to the extent of the difference, if any, between (i) the U.S. dollar value of such payment on the date of such sale or disposition and (ii) the U.S. dollar value of such payment calculated by reference to the exchange rate in effect on the date of settlement.

U.S. Holders should consult their tax advisors regarding the tax consequences of a sale or other taxable disposition of Ordinary Shares, including the creditability of foreign taxes imposed on such sale or disposition by a taxing jurisdiction other than the United States, in their particular circumstances.

Passive Foreign Investment Company Rules

The U.S. federal income tax treatment of U.S. Holders could be materially different from that described above if we are treated as a PFIC for U.S. federal income tax purposes. In general, a non-U.S. corporation is a PFIC for U.S. federal income tax purposes for any taxable year in which (i) 50% or more of the average value of its assets (generally determined on the basis of a weighted quarterly average) consists of assets that produce, or are held for the production of, passive income, or (ii) 75% or more of its gross income consists of passive income. Passive income generally includes dividends, interest, royalties, rents, investment gains, net gains from the sales of property that does not give rise to any income and net gains from the sale of commodities (subject to certain exceptions, such as an exception for certain income derived in the active conduct of a trade or business). Cash and cash equivalents are, and cryptocurrency balances are likely, passive assets. The value of goodwill will generally be treated as an active or passive asset based on the nature of the income produced in the activity to which the goodwill is attributable. For purposes of the PFIC rules, a non-U.S. corporation that owns, directly or indirectly, at least 25% by value of the stock of another corporation is treated as if it held its proportionate share of the assets of the other corporation, and received directly its proportionate share of the income of the other corporation.

Based on the Company’s analysis of its income, assets, activities, and market capitalization, the Company believes that it was not a PFIC for its taxable year ended December 31, 2022. However, the Company’s PFIC status for any taxable year is a factual annual determination that can be made only after the end of that year and will depend on the composition of the Company’s income and assets and the value of its assets from time to time (including the value of its goodwill, which may be determined in large part by reference to the market price of the Ordinary Shares from time to time, which could be volatile). In addition, the risk of the Company being a PFIC for any taxable year will increase if its market capitalization declines substantially during that year. Furthermore, whether and to which extent the Company’s income and assets, including goodwill, will be characterized as active or passive will depend on various factors that are subject to uncertainty, including the Company’s future business plan and the application of laws that are subject to varying interpretation. For example, there is no authority that directly addresses the proper treatment of certain items of the Company’s income, such as income from cryptocurrency self-mining, hash rate sharing, or hosting for purposes of the PFIC rules and, although the Company currently treats these items of income as active, such treatment is uncertain. Moreover, certain of the Company’s business activities generate passive income and, although the amount of such income is currently small, the Company’s risk of being a PFIC will increase if the proportion of the Company’s revenue earned from such business activities increases in future taxable years. Accordingly, there can be no assurances that the Company will not be a PFIC for its current or any future taxable year, and the Company’s U.S. counsel expresses no opinion with respect to the Company’s PFIC status for any taxable year.

Although PFIC status is generally determined annually, if we are determined to be a PFIC for any taxable year (or portion thereof) that is included in the holding period of a U.S. Holder in its Ordinary Shares and the U.S. Holder did not make either a mark-to-market election or a qualifying electing fund (“QEF”) election or, which are referred to collectively as the “PFIC Elections” for purposes of this discussion, for the first taxable year in which we are treated as a PFIC, and in which the U.S. Holder held (or was deemed to hold) Ordinary Shares, or the U.S. Holder does not otherwise make a purging election, as described below, the U.S. Holder generally will be subject to special and adverse rules with respect to (i) any gain recognized by the U.S. Holder on the sale or other taxable disposition of its Ordinary Shares and (ii) any “excess distribution” made to the U.S. Holder (generally, any distributions to the U.S. Holder during a taxable year of the U.S. Holder that are greater than 125% of the average annual distributions received by the U.S. Holder in respect of its Ordinary Shares during the three preceding taxable years of the U.S. Holder or, if shorter, the U.S. Holder’s holding period in its Ordinary Shares).

Under these rules:

- the U.S. Holder’s gain or excess distribution will be allocated ratably over the U.S. Holder’s holding period in its Ordinary Shares;
- the amount allocated to the U.S. Holder’s taxable year in which the U.S. Holder recognized the gain or received the excess distribution, and to any period in the U.S. Holder’s holding period before the first day of the first taxable year in which we are treated as a PFIC, will be taxed as ordinary income;
- the amount allocated to other taxable years (or portions thereof) of the U.S. Holder and included in the U.S. Holder’s holding period will be taxed at the highest tax rate in effect for that year and applicable to the U.S. Holder; and
- an additional tax equal to the interest charge generally applicable to underpayments of tax will be imposed on the U.S. Holder with respect to the tax attributable to each such other taxable year of the U.S. Holder.

PFIC Elections

If we are treated as a PFIC and Ordinary Shares constitute “marketable stock,” a U.S. Holder may avoid the adverse PFIC tax consequences discussed above if such U.S. Holder makes a mark-to-market election with respect to its Ordinary Shares for the first taxable year in which the U.S. Holder holds (or is deemed to hold) the Ordinary Shares and each subsequent taxable year. Such U.S. Holder generally will include for each of its taxable years as ordinary income the excess, if any, of the fair market value of its Ordinary Shares at the end of such year over its adjusted tax basis in its Ordinary Shares. The U.S. Holder also will recognize an ordinary loss in respect of the excess, if any, of its adjusted tax basis in its Ordinary Shares over the fair market value of its Ordinary Shares at the end of its taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). The U.S. Holder’s adjusted tax basis in its Ordinary Shares will be adjusted to reflect any such income or loss amounts, and any further gain recognized on a sale or other taxable disposition of its Ordinary Shares will be treated as ordinary income.

The mark-to-market election is available only for “marketable stock,” generally, stock that is regularly traded on a national securities exchange that is registered with the Securities and Exchange Commission, including the Nasdaq (on which Ordinary Shares are currently listed), or on a foreign exchange or market that the IRS determines has rules sufficient to ensure that the market price represents a legitimate and sound fair market value. As such, such election generally will not apply to any of our non-U.S. subsidiaries, unless the shares in such subsidiaries are themselves “marketable stock.” As such, U.S. Holders may continue to be subject to the adverse PFIC tax consequences discussed above with respect to any lower-tier PFICs, as discussed below, notwithstanding their mark-to-market election with respect to Ordinary Shares.

If made, a mark-to-market election would be effective for the taxable year for which the election was made and for all subsequent taxable years unless Ordinary Shares cease to qualify as “marketable stock” for purposes of the PFIC rules or the IRS consents to the revocation of the election. U.S. Holders should consult their tax advisors regarding the availability and tax consequences of a mark-to-market election with respect to Ordinary Shares in their particular circumstances.

The tax consequences that would apply if we were a PFIC and a U.S. Holder made a valid QEF election would also be different from the adverse PFIC tax consequences described above. In order to comply with the requirements of a QEF election, however, a U.S. Holder generally must receive a PFIC Annual Information Statement from us. If we are determined to be a PFIC for any taxable year, we do not currently intend to provide the information necessary for U.S. Holders to make or maintain a QEF election. As such, U.S. Holders should assume that a QEF election will not be available with respect to Ordinary Shares.

If we are treated as a PFIC and a U.S. Holder failed or was unable to timely make a PFIC Election for prior periods, the U.S. Holder might seek to make a purging election to rid its Ordinary Shares of the PFIC taint. Under the purging election, the U.S. Holder will be deemed to have sold its Ordinary Shares at their fair market value and any gain recognized on such deemed sale will be treated as an excess distribution, as described above. As a result of the purging election, the U.S. Holder will have a new adjusted tax basis and holding period in the Ordinary Shares solely for purposes of the PFIC rules.

Related PFIC Rules

If we are treated as a PFIC and, at any time, has a non-U.S. subsidiary that is treated as a PFIC, a U.S. Holder generally would be deemed to own a proportionate amount of the shares of such lower-tier PFIC, and generally could incur liability for the deferred tax and interest charge described above if we receive a distribution from, or sell or otherwise dispose of all or part of our interest in, such lower-tier PFIC, or the U.S. Holder otherwise was deemed to have sold or otherwise disposed of an interest in such lower-tier PFIC. U.S. Holders should consult their tax advisors regarding the application of the lower-tier PFIC rules in their particular circumstances.

A U.S. Holder that owns (or is deemed to own) shares in a PFIC during any taxable year may have to file an IRS Form 8621 (whether or not a QEF election or a mark-to-market election is made) and to provide such other information as may be required by the U.S. Treasury Department. Failure to do so, if required, will extend the statute of limitations applicable to such U.S. Holder until such required information is furnished to the IRS and could result in penalties.

THE PFIC RULES ARE VERY COMPLEX AND U.S. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE APPLICATION OF SUCH RULES IN THEIR PARTICULAR CIRCUMSTANCES.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries are subject to information reporting, and may be subject to backup withholding, unless (i) the U.S. Holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

U.S. Holders should consult their tax advisors regarding the information reporting requirements and the application of the backup withholding rules in their particular circumstances.

THIS DISCUSSION IS FOR GENERAL INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. U.S. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE U.S. FEDERAL, STATE, AND LOCAL AND NON-U.S. INCOME AND NON-INCOME TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP, AND DISPOSITION OF ORDINARY SHARES, INCLUDING THE IMPACT OF ANY POTENTIAL CHANGE IN LAW, IN THEIR PARTICULAR CIRCUMSTANCES.

Cayman Islands Tax Considerations

The following summary contains a description of certain Cayman Islands income tax consequences of the acquisition, ownership and disposition of ordinary shares, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase ordinary shares. The summary is based upon the tax laws of Cayman Islands and regulations thereunder as of the date hereof, which are subject to change.

Prospective investors should consult their professional advisers on the possible tax consequences of buying, holding or selling any shares under the laws of their country of citizenship, residence or domicile.

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Ordinary Shares. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under Existing Cayman Islands Laws:

Payments of dividends and capital in respect of our securities will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal or a dividend or capital to any holder of Ordinary Shares, nor will gains derived from the disposal of the Ordinary Shares be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of our securities or on an instrument of transfer in respect of our securities.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to certain of the informational filing requirements of the Exchange Act. Since we are a "foreign private issuer," we are exempt from the rules and regulations under the Exchange Act prescribing the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions contained in Section 16 of the Exchange Act, with respect to their purchase and sale of our shares. In addition, we are not required to file reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we are required to file with the SEC an Annual Report on Form 20-F containing financial statements audited by an independent accounting firm. We may, but are not required, to furnish to the SEC, on Form 6-K, unaudited financial information after each of our first three fiscal quarters. The SEC also maintains a website at <http://www.sec.gov> that contains reports and other information that we file with or furnish electronically with the SEC.

I. Subsidiary Information

For a listing of our subsidiaries, see "Item 4. Information on the Company — A. History and Development of the Company."

J. Annual Report to Security Holders

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Quantitative and Qualitative Disclosures about Market Risk

Credit Risk

Assets that potentially subject us to significant concentration of credit risk primarily consist of cash, accounts receivable and amounts due from related parties. As of December 31, 2025, we held cash of approximately \$51.6 million, among which approximately \$4.9 million were deposited in financial institutions located in Vietnam, \$29.8 million were deposited in financial institutions located in Singapore, \$7.4 million were deposited in financial institutions located in the United States, \$1,300 million were deposited financial institutions located in Japan, million \$7.6 million were deposited in financial institutions located in Ethiopia and \$2.0 million were deposited in financial institutions located in China. The maximum exposure of such assets to credit risk is their carrying amount as at the balance sheet dates. To limit exposure to credit risk relating to deposits, we primarily place cash deposits with large financial institutions in Vietnam which we believe are of high credit quality and we also continually monitor their credit worthiness.

Foreign Currency Risk

The Company has contracts for the sales of products, purchases of materials and equipment which are denominated in foreign currencies, including Vietnam Dong (VND), Renminbi (RMB), Ethiopia Birr (ETB), and Singapore Dollar (SGD). For the year ended December 31, 2025, substantially all of the Company's revenues are dominated in US Dollars. VND, the functional currency of TOYO Solar, and RMB, the functional currency of TOYO China, are not freely convertible into other foreign currencies.

All foreign exchange transactions in Vietnam take place either through the State Bank of Vietnam ("SBV") or other authorized financial institutions at exchange rates quoted by SBV. Approval of foreign currency payments by the SBV or other regulatory institutions requires submitting a payment application form together with suppliers' invoices and signed contracts. The value of VND is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the Vietnam Foreign Exchange Trading System market.

All foreign exchange transactions in China take place either through the Peoples' Bank of China ("PBOC") or other authorized financial institutions at exchange rates quoted by PBOC. Approval of foreign currency payments by the PBOC or other regulatory institutions requires submitting a payment application form together with suppliers' invoices and signed contracts. The value of RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market.

Concentration risk

We have a concentration of our revenues with specific customers and accounts payable with specific vendors.

For the year ended December 31, 2025, one third party customer and one related party customer accounted for 40% and 36% of total revenues, respectively. For the year ended December 31, 2024, one related party customer and one third party customer accounted for 66% and 10% of total revenues, respectively.

As of December 31, 2025, two customers from third parties accounted for 46% and 22% of accounts receivable, respectively. As of December 31, 2024, one third party customer and one related party customer accounted for 29% and 23% of accounts receivable, respectively.

As of December 31, 2025, two third party suppliers accounted for 33% and 27% of accounts payable, respectively. As of December 31, 2024, two third party suppliers accounted for 17%, and 10% of accounts payable, respectively.

For the year ended December 31, 2025, one related party supplier accounted for 29.2% of total purchases of inventories. For the year ended December 31, 2024, one related party supplier and one third party supplier accounted for 55.0% and 16.9% of total purchases of inventories, respectively. For the year ended December 31, 2023, one related party supplier and one third party supplier accounted for 64.5% and 14.8% of total purchases of inventories, respectively.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

With the exception of Items 12.D.3 and 12.D.4, this Item 12 is not applicable for annual reports on Form 20-F. As to Items 12.D.3 and 12.D.4, this Item 12 is not applicable, as the Company does not have any American Depositary Shares.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our chief executive officer and our chief financial officer, we carried out an evaluation of the effectiveness of our disclosure controls and procedures, which is defined in Rules 13a-15(e) of the Exchange Act, as of December 31, 2024. Based on that evaluation, our chief executive officer concluded that our disclosure controls and procedures as of December 31, 2025 were not effective at the reasonable assurance level due to the material weakness described below.

Management's Assessment Regarding Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or because the degree of compliance with policies or procedures may deteriorate. Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2025. The assessment was based on criteria established in the framework Internal Control—Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In connection with the audit of our financial statements for the years ended December 31, 2025, we identified the material weaknesses in our internal control over financial reporting, as defined in the standards established by the Public Company Accounting Oversight Board of the United States, as of December 31, 2025. The material weaknesses relate to (i) our lack of sufficient and competent financial reporting and accounting personnel with appropriate knowledge of U.S. GAAP and reporting requirements set forth by the SEC to address complex U.S. GAAP technical accounting issues, and to prepare and review consolidated financial statements and related disclosures in accordance with U.S. GAAP and SEC reporting requirements; (ii) our lack of formal internal control policies and internal independent supervision functions to establish formal risk assessment process and internal control framework, and (iii) our lack of proper IT policies and procedures developed for system change management, user access management and backup management.

We are in the process of designing and implementing measures to improve our internal control over financial reporting to remediate the material weaknesses, including (i) hiring additional finance and accounting staff with qualifications and work experiences in U.S. GAAP and SEC reporting requirements to formalize and strengthen key internal controls over financial reporting; (ii) design and formalizing internal control policies, ensuring clear segregation of duties, and implement a structured risk assessment process. Developing a comprehensive internal control framework that includes regular monitoring, clear accountability, and periodic reviews to enhance transparency and mitigate potential risks; and (iii) regularly conducting checks on the IT software we utilize to ensure its proper functionality, and arranging training sessions for our IT staff. While we are designing and implementing measures to remediate the material weaknesses, we cannot predict the success of such measures or the outcome of our assessment of these measures at this time. These measures may not remediate the deficiencies in internal control or prevent additional material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Our failure to implement and maintain effective internal control over financial reporting could result in errors in our financial statements that may lead to a restatement of our financial statements or cause us to fail to meet our reporting obligations. As a company with less than US\$1.235 billion in revenue for our last fiscal year, we qualify as an "emerging growth company" pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, in the assessment of the emerging growth company's internal control over financial reporting.

Attestation Report of Independent Registered Public Accounting Firm

This annual report does not include an attestation report of the Company's registered public accounting firm due to a transition period established by rules of the SEC for newly public companies.

Changes in Internal Control over Financial Reporting

Other than as described above, there were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report on Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. RESERVED

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that each of Hiroyuki Tahara, Alfred "Trey" Hickey and Anders Karlsson satisfies the independence requirements under Rule 5605(c)(2) of the Nasdaq Stock Market Rules and meets the criteria for independence set forth in Rule 10A-3 of the Exchange Act, as well as the criteria of an audit committee financial expert as set forth under the applicable rules of the SEC.

Item 16B. CODE OF ETHICS

Our board of directors adopted a code of business conduct and ethics that applies to our directors, officers and employees in March 2024, which was effective in July 2024. We have posted a copy of our code of business conduct and ethics on our website at investors.toyo-solar.com.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table represents the approximate aggregate fees for services rendered by Marcum Asia CPAs LLP for the years ended December 31, 2025 and 2024, respectively:

	December 31, 2025 ⁽¹⁾ USD	December 31, 2024 USD
Audit Fees	\$ 477,054	\$ 304,695
Audit Related Fees	-	-
Tax Fees	-	-
All Other Fees	-	-
Total Fees	\$ 477,054	\$ 304,695

"Audit-related fees" are the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit and are not reported under audit fees. These fees primarily include accounting consultations regarding the accounting treatment of matters that occur in the regular course of business, implications of new accounting pronouncements and other accounting issues that occur from time to time.

"Tax fees" include fees for professional services rendered by our independent registered public accounting firm for tax compliance and tax advice on actual or contemplated transactions.

"Other fees" include fees for services rendered by our independent registered public accounting firm with respect to government incentives and other matters.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by our independent auditor including audit services, audit-related services, tax services and other services.

Our Audit Committee evaluated and approved in advance the scope and cost of the engagement of an auditor before the auditor rendered its audit and non-audit services.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

As a Cayman Islands exempted company listed on the Nasdaq Capital Market, we are subject to the Nasdaq corporate governance listing standards. However, Nasdaq Stock Market Rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq Stock Market Rules. See the section entitled "Item 3. Key Information—D. Risk Factors— You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited as TOYO is incorporated under the law of the Cayman Islands. TOYO conducts substantially all of its operations, and a majority of its directors and executive officers reside, outside of the United States."

While we voluntarily follow most Nasdaq corporate governance rules, we may choose to take advantage exemptions afforded to us. See the section entitled "Item 3. Key Information—D. Risk Factors—As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from Nasdaq corporate governance listing standards; these practices may afford less protection to holders of Class A Ordinary Shares than they would enjoy if we complied fully with Nasdaq corporate governance listing standards."

We choose to follow home country practice in place of all of the requirements of Rule 5600 other than those rules which we are required to follow pursuant to the provisions of Rule 5615(a)(3).

- Rule 5620(a), pursuant to which each company listing common stock or voting preferred stock, or their equivalents, shall hold an annual meeting of shareholders no later than one year after the end of the issuer's fiscal year-end.
- Rule 5620(b), pursuant to which each company shall solicit proxies and provide proxy statements for all meetings of shareholders and shall provide copies of such proxy solicitation to Nasdaq.
- Rule 5635(a), pursuant to which shareholder approval is required in certain circumstances prior to an issuance of securities in connection with the acquisition of the stock or assets of another company.
- Rule 5635(b), pursuant to which shareholder approval is required prior to the issuance of securities when the issuance or potential issuance will result in a change of control of the company.
- Rule 5635(c), pursuant to which shareholder approval is required prior to the issuance of securities when a stock option or purchase plan is to be established or materially amended or other equity compensation arrangement made or materially amended, pursuant to which stock may be acquired by officers, directors, employees, or consultants, subject to certain exceptions.

- Rule 5635(d), pursuant to which shareholder approval is required prior to the issuance of securities in connection with a transaction other than a public offering involving:
 - the sale, issuance or potential issuance by the company of common stock (or securities convertible into or exercisable for common stock) at a price less than the greater of book or market value which together with sales by officers, directors or Substantial Shareholders of the company equals 20% or more of common stock or 20% or more of the voting power outstanding before the issuance; or
 - the sale, issuance or potential issuance by the company of common stock (or securities convertible into or exercisable common stock) equal to 20% or more of the common stock or 20% or more of the voting power outstanding before the issuance for less than the greater of book or market value of the stock.

See “Item 6. Directors, Senior Management and Employees” for more information.

In addition, our controlling shareholder, Abalance Corporation, is a Japanese company listed on the TSE. Pursuant to Abalance’s corporate governance requirements or applicable requirements of TSE, we are subject to approval from the board of directors or president of Abalance, as applicable, with regard to certain significant actions or transactions, such as (i) organizational restructurings, and transactions that are expected to result in a change in control of TOYO or be subject to timely disclosure requirements under Japanese securities regulations, regardless of monetary amount, (ii) other transactions involving investments, asset acquisitions or disposals, or changes in net assets that exceed 5% of TOYO’s total assets or that involve an amount of ¥40 billion (approximately \$251 million) or more; and (iii) transactions expected to have a material impact on Abalance’s medium-term management plan, business segments or key performance indicators.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

We have adopted the insider trading policy governing the purchase, sale, and other dispositions of the registrant’s securities by directors, senior management, and employees. A copy of the insider trading policy is filed as an exhibit to this annual report.

ITEM 16K. CYBERSECURITY

Risk Management and Strategy

We have established policies and processes for assessing, identifying and managing material risks from cybersecurity threats. We routinely assess material risks from cybersecurity threats that may result in adverse effects on the confidentiality, integrity, or availability of their information systems or any information residing therein.

We conduct weekly cybersecurity risk assessments and monthly data security risk assessments to identify cybersecurity and data security threats. These risk assessments are conducted by our IT team. The cybersecurity risk assessments involve internal and external security. Internally, we view all visit histories to external websites made by internal equipment connected to our network system, including personal devices such as cell phones and laptops used by employees and machines and equipment at our manufacturing plants and use a third-party software to check any potential security risks from those external visits. Externally, we use firewall to monitor and detect any port scanning conducted by third parties, which attempt to randomly scan and enter into our network and collect our data without our authorization. We use a third-party software to generate reports of visits to external websites by internal devices and visits to our network by external parties, identify each IP address and block those suspicious IP addresses to stop connections to or from them. To ensure our data security, we check and back up our data twice a month and store our data in different locations each month. We require any employees who have the need to connect to our network system when they are on a business trip outside our network to install a third-party software on their mobile devices to establish an IPsec Virtual Private Network (“VPN”) to ensure the secured and encrypted connection to our internal network.

We also conduct network stress testing to simulate high volumes of network traffic to our network system in order to test our network system function and efficiency, identify any potential performance risks or system weakness and improve our network system. The internal testing is conducted by our IT team by using a third-party software. We do not have a fixed schedule to conduct the network stress testing. Instead, we randomly conduct the testing to check our system's actual response and evaluate our IT team's ability to detect and respond to such incidents.

Following these risk assessments, we will upgrade, implement, and maintain reasonable safeguards to address identified risks, reasonably address any identified gaps in existing safeguards, and regularly monitor the effectiveness of our safeguards. During the fiscal year 2025, we did not identified any material risks through our risk assessments in connection with cybersecurity or data security.

We reference to the ISO 27001 standard, an international standard to manage information security, to establish and maintain a comprehensive security management system. We have implemented a series measures to provide safeguards, including but not limited to, information security management, access control, authentication requirements, data backup and recovery function. We have established the Emergency Working Group to manage the risk assessment and mitigation process.

As part of the overall risk management strategies, we also conduct cybersecurity trainings for our employees on needed basis based on the observation of their work practice and evaluation of our IT team.

During the fiscal year ended December 31, 2025 and to the date of this Annual Report, we have not experienced any material cybersecurity incidents or identified any material cybersecurity threats that have affected or are reasonably likely to materially affect our business strategy, results of operations or financial condition. For additional information regarding whether any risks from cybersecurity threats, please refer to Item 1A, "Risk Factors," in this Annual Report on Form 20-F.

Governance

Our Chief Executive Officer and/or Chief Financial Officer will annually present to the Audit Committee and the Board of Directors about the Company's and the PRC operating entities' cybersecurity related risk assessments and management, including but not limited to, relevant internal rules and policies, assessment of potential cybersecurity threats or risks, improvements and prevention measures. In the event that the management discovers that a material cybersecurity incident occurs, the Chief Executive Officer and/or the Chief Financial Officer will timely report such incident to the Audit Committee and the Board of Directors, with respect to material aspects, including but not limited to, the nature, scope, timing, the remedial measures and risk mitigation processes taken by us, material impacts and any prevention measures or improvements to be implemented.

Our Audit Committee is responsible to assist the Board of Directors in fulfilling its oversight responsibilities with respect to the review and assessment of our risk management, risk assessment and major risk exposures with respect to privacy and cybersecurity and information technology risks. Our Audit Committee will periodically review and discuss with the Company's relevant officers material risks relating to data privacy, technology and information security, including cybersecurity, threats and back-up of information systems and the Company's processes for assessing, identifying, and managing such risks, as well as the Company's internal controls and disclosure controls and procedures relating to cybersecurity incidents.

Our Board of Directors shall (i) oversight the review and assessment of our risk management, risk assessment and major risk exposures with respect to privacy and cybersecurity and information technology risks, (ii) review the disclosure related to cybersecurity matters in our current reports or periodic reports, (iii) review updates to the status of any material cybersecurity incidents or material risks from cybersecurity threats to us, and the relevant disclosure issues, if any, presented by our Chief Executive Officer and/or Chief Financial Officer, and (iv) review disclosure concerning cybersecurity matters in our annual report on Form 20-F presented by our Chief Executive Officer and/or Chief Financial Officer.

We have adopted the information system emergency plan to establish and improve our information security emergency response mechanisms in order to effectively prevent, promptly control and mitigate and eliminate any adverse impacts in the event of any network and information system emergencies. We classify information system incidents into three categories based on the incident causes that results in operation interruption, system shutdown or other situations: (i) attack incidents, where our information system is infected by computer viruses or illegally invaded; (ii) failure events which are caused by computer software and hardware failures, power outages, human error operations and others; and (iii) disaster events which are caused by external factors such as explosions, fires, lightning strikes, earthquakes, typhoons,. We have implemented different procedures in the event of different types of incidents. We have established the emergency working group (the "Emergency Working Group"), consisting of members from our IT team. The Emergency Working Group is responsible to monitor and identify any information system incidents, conduct initial report of identified incidents, classify incidents, initiate emergency plans and measures, organize and dispatch resources to implement measures, control and eliminate potential risks and impacts caused by any cybersecurity and data security related incidents. Afterwards, the Emergency Working Group investigates the reasons of each incident, identify existing weaknesses and risks, conduct comprehensive security check and propose and finalize the improvement measures. As of the date of this annual report, our IT team consists of 6 people, led by our IT team manager, who has over 13 years' work experience in risk management, network management, information technology and cybersecurity with an associate degree in computer information management.

PART III

ITEM 17. FINANCIAL STATEMENTS

See the section entitled “Item 18. Financial Statements.”

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of TOYO Co., Ltd are included at the end of this annual report.

ITEM 19. EXHIBITS

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
1.1	<u>Amended and Restated Memorandum and Articles of Association of TOYO, effective on July 1, 2024 (incorporated by reference to Exhibit 3.1 to TOYO’s Post-effective Amendment No.1 to the Registration Statement on Form F-4 (File No. 333-277779), as amended, initially filed with the SEC on May 1, 2024).</u>
2.1	<u>Specimen Ordinary Share Certificate of TOYO (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form F-4 (File No. 333-277779), as amended, initially filed with the SEC on March 8, 2024).</u>
2.2	<u>Specimen Warrant Certificate of TOYO (incorporated by reference to Exhibit 4.2 to the Registration Statement on Form F-4 (File No. 333-277779), as amended, initially filed with the SEC on March 8, 2024).</u>
2.3	<u>Warrant Agreement, dated January 31, 2022, between Blue World Acquisition Corporation and Continental Stock Transfer & Trust Company, as warrant agent (incorporated by reference to Exhibit 4.1 to Form 8-K as filed with the SEC on February 3, 2022).</u>
2.4	<u>Warrant Assumption Agreement (incorporated herein by reference to Exhibit 4.1 to Form 8-K as filed with the SEC on July 8, 2024).</u>
2.5*	<u>Description of Securities Registered under Section 12 of the Securities Exchange Act of 1934.</u>
4.1#	<u>Agreement and Plan of Merger, dated as of August 10, 2023, by and among Blue World Acquisition Corporation, TOYO Co., Ltd, TOYOone Limited, TOPTOYO INVESTMENT PTE. LTD., Vietnam Sunergy Cell Company Limited, Vietnam Sunergy Joint Stock Company and Fuji Solar Co., Ltd (incorporated by reference to Exhibit 2.1 to TOYO’s Post-effective Amendment No.1 to the Registration Statement on Form F-4 (File No. 333-277779), as amended, initially filed with the SEC on May 1, 2024).</u>
4.2	<u>Amendment No. 1 to the Merger Agreement dated December 6, 2023, by and among Blue World Acquisition Corporation, TOYO Co., Ltd, TOYOone Limited, TOPTOYO INVESTMENT PTE. LTD., Vietnam Sunergy Cell Company Limited, Vietnam Sunergy Joint Stock Company and Fuji Solar Co., Ltd (incorporated by reference to Exhibit 2.2 to TOYO’s Post-effective Amendment No.1 to the Registration Statement on Form F-4 (File No. 333-277779), as amended, initially filed with the SEC on May 1, 2024).</u>
4.3	<u>Amendment No. 2 to the Merger Agreement dated February 6, 2024, by and among Blue World Acquisition Corporation, TOYO Co., Ltd, TOYOone Limited, TOPTOYO INVESTMENT PTE. LTD., Vietnam Sunergy Cell Company Limited, Vietnam Sunergy Joint Stock Company and Fuji Solar Co., Ltd (incorporated by reference to Exhibit 2.3 to TOYO’s Post-effective Amendment No.1 to the Registration Statement on Form F-4 (File No. 333-277779), as amended, initially filed with the SEC on May 1, 2024).</u>
4.4	<u>Amendment No. 3 to the Merger Agreement dated February 29, 2024, by and among Blue World Acquisition Corporation, TOYO Co., Ltd, TOYOone Limited, TOPTOYO INVESTMENT PTE. LTD., Vietnam Sunergy Cell Company Limited, Vietnam Sunergy Joint Stock Company, Fuji Solar Co., Ltd, Belta Technology Company Limited, WA Global Corporation and BestToYo Technology Company Limited (incorporated by reference to Exhibit 2.4 to TOYO’s Post-effective Amendment No.1 to the Registration Statement on Form F-4 (File No. 333-277779), as amended, initially filed with the SEC on May 1, 2024).</u>

EXHIBIT NUMBER	DESCRIPTION
4.5†	<u>2024 Share Incentive Plan of TOYO, effective on July 1, 2024 (incorporated herein by reference to Exhibit 4.5 to the Registrant's Annual Report on Form 20-F filed on July 8, 2024).</u>
4.6†	<u>Form of Indemnification Agreement between TOYO and each executive officer and director of TOYO (incorporated herein by reference to Exhibit 10.1 to TOYO's registration statement on Form F-4 (File No. 333-277779) as filed with the SEC on March 8, 2024).</u>
4.7	<u>PIPE Purchase Agreement dated March 6, 2024, by and among the Company, Blue World Acquisition Corporation and NOTAM Co., Ltd (incorporated herein by reference to Exhibit 10.1 to Form 8-K as filed with the SEC on March 8, 2024).</u>
4.8	<u>Joinder Agreement dated February 29, 2024, by and among the Company, Blue World Acquisition Corporation, TOYOone Limited, TOPTOYO INVESTMENT PTE. LTD., Vietnam Sunergy Cell Company Limited, Vietnam Sunergy Joint Stock Company, Fuji Solar Co., Ltd., Belta Technology Company Limited, WA Global Corporation and BestToYo Technology Company Limited (incorporated herein by reference to Exhibit 2.2 to Form 8-K as filed with the SEC on March 4, 2024).</u>
4.9†	<u>Form of Employment Agreement between TOYO and each executive officer of TOYO (incorporated herein by reference to Exhibit 10.2 to TOYO's registration statement on Form F-4 (File No. 333-277779) as filed with the SEC on March 8, 2024).</u>
4.10	<u>Form of Director Agreement between TOYO and each director of TOYO (incorporated herein by reference to Exhibit 10.3 to TOYO's registration statement on Form F-4 (File No. 333-277779) as filed with the SEC on March 8, 2024).</u>
4.11	<u>Amendment to PIPE Purchase Agreement dated June 26, 2024, by and among the Company, Blue World Acquisition Corporation and NOTAM Co., Ltd (incorporated herein by reference to Exhibit 10.1 to Form 8-K (File No. 001-41256) as filed with the SEC on July 1, 2024).</u>
4.12	<u>Earnout Equities Vesting Agreement dated June 29, 2024, by and among the Company, Blue World Acquisition Corporation and Blue World Holdings Limited (incorporated herein by reference to Exhibit 10.2 to Form 8-K (File No. 001-41256) as filed with the SEC on July 1, 2024).</u>
4.13^	<u>English translation of the Executed Form of the Sublease Contract for Land with Infrastructure, dated November 8, 2022, between TOYO Solar and DUC ANH Construction Joint Stock Company (incorporated herein by reference to Exhibit 10.24 to TOYO's registration statement on Form F-4 (File No. 333-277779) as filed with the SEC on March 8, 2024).</u>
4.14	<u>English Translation of Framework Agreement, dated August 24, 2023, between VSUN and TOYO Solar (incorporated herein by reference to Exhibit 10.44 to TOYO's Post-effective Amendment No.1 to the Registration Statement on Form F-4 (File No. 333-277779 and 333-279028) as filed with the SEC on May 1, 2024).</u>
4.15	<u>English Translation of Framework Agreement, dated November 30, 2023, between VSUN and TOYO Solar (incorporated herein by reference to Exhibit 10.45 to TOYO's Post-effective Amendment No.1 to the Registration Statement on Form F-4 (File No. 333-277779 and 333-279028) as filed with the SEC on May 1, 2024).</u>
4.16	<u>English Translation of the form of sales contract, between TOYO Solar and VSUN's subsidiary (incorporated herein by reference to Exhibit 10.46 to TOYO's Post-effective Amendment No.1 to the Registration Statement on Form F-4 (File No. 333-277779 and 333-279028) as filed with the SEC on May 1, 2024).</u>
4.17	<u>Long-Term Agreement, dated November 13, 2024, between TOPTOYO INVESTMENT PTE. LTD. and Vietnam Sunergy Joint Stock Company. (incorporated herein by reference to Exhibit 10.1 to TOYO's Current Report on Form 6-K as filed with the SEC on November 19, 2024).</u>
4.18	<u>Membership Interest Purchase Agreement dated November 25, 2024, by and among TOYO Solar LLC Solar Plus Technology, Inc. and SG GREEN DEVELOPMENT PTE. LTD. (incorporated herein by reference to Exhibit 10.1 to TOYO's Current Report on Form 6-K as filed with the SEC on November 29, 2024).</u>
4.19	<u>Master Supply Agreement dated November 18, 2024, by and between TOPTOYO INVESTMENT PTE. LTD. and the Buyer (incorporated herein by reference to Exhibit 10.2 to TOYO's Current Report on Form 6-K as filed with the SEC on November 29, 2024).</u>
4.20	<u>Master Supply Agreement dated November 18, 2024, by and between Toyo America LLC and the Buyer (incorporated herein by reference to Exhibit 10.3 to TOYO's Current Report on Form 6-K as filed with the SEC on November 29, 2024).</u>

EXHIBIT NUMBER	DESCRIPTION
4.21 [^]	Module Supply and Purchase Agreement dated July 2, 2025 (incorporated herein by reference to Exhibit 10.1 to TOYO's Current Report on Form 6-K as filed with the SEC on August 5, 2025).
4.22	Parent Guaranty dated July 2, 2025 (incorporated herein by reference to Exhibit 10.2 to TOYO's Current Report on Form 6-K as filed with the SEC on August 5, 2025).
4.23#	Trademark Purchase Agreement dated September 4, 2025, by and between the Company and Vietnam Sunergy Europe GmbH (incorporated herein by reference to Exhibit 99.1 to TOYO's Current Report on Form 6-K as filed with the SEC on September 15, 2025).
4.24#	Trademark Purchase Agreement dated September 4, 2025, by and between Toyo Solar Company Limited and Vietnam Sunergy Joint Stock Company (incorporated herein by reference to Exhibit 99.2 to TOYO's Current Report on Form 6-K as filed with the SEC on September 15, 2025).
4.25#	Trademark License Agreement dated September 12, 2025, by and between the Company and Vietnam Sunergy Joint Stock Company (incorporated herein by reference to Exhibit 99.3 to TOYO's Current Report on Form 6-K as filed with the SEC on September 15, 2025).
4.26#	Trademark License Agreement dated September 12, 2025, by and between Toyo Solar Company Limited and Vietnam Sunergy Joint Stock Company (incorporated herein by reference to Exhibit 99.4 to TOYO's Current Report on Form 6-K as filed with the SEC on September 15, 2025).
8.1*	List of principal subsidiaries of TOYO.
11.1	Code of Business Conduct and Ethics of TOYO, effective on July 1, 2024 (incorporated herein by reference to Exhibit 99.2 to TOYO's registration statement on Form F-4 (File No. 333-277779) as filed with the SEC on March 8, 2024).
11.2	Insider Trading Policy (incorporated herein by reference to Exhibit 11.2 to TOYO's Annual Report on Form 20-F as filed with the SEC on May 12, 2025).
12.1*	Certification of our Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Certification of our Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	Certification of our Chief Executive Officer and our Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of Marcum Asia CPAs LLP
97.1	Executive Compensation Clawback Policy (incorporated herein by reference to Exhibit 97.1 to TOYO's Annual Report on Form 20-F as filed with the SEC on May 12, 2025).
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

** Furnished herewith

† Indicates a management contract or any compensatory plan, contract or arrangement.

[^] Portion of this exhibit has been omitted in accordance with Item 601(b)(10)(iv) of Regulation S-K

Schedules and annexes have been omitted

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Report on its behalf.

March 31, 2026

TOYO Co., Ltd

By: /s/ Takahiko Onozuka

Name: Takahiko Onozuka

Title: Director and Chief Executive Officer

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TOYO CO., LTD

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of TOYO Co., Ltd

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of TOYO Co., Ltd (the “Company”) as of December 31, 2025 and 2024, the related consolidated statements of operations and comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph – Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 3, the Company has a significant working capital deficiency, has incurred significant losses and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provides a reasonable basis for our opinion.

/s/ Marcum Asia CPAs LLP

Marcum Asia CPAs LLP

We have served as the Company’s auditor since 2023.

New York, NY
March 31, 2026

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TOYO Co., Ltd
CONSOLIDATED BALANCE SHEETS
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

	December 31, 2025	December 31, 2024
ASSETS		
Current Assets		
Cash	\$ 51,634,374	\$ 13,654,445
Restricted cash	714,245	1,878,267
Accounts receivable, net	11,253,459	6,913,996
Accounts receivable – related parties	494,695	11,840,648
Prepayments	25,407,080	392,249
Prepayments – a related party	72,264	—
Inventories, net	79,986,077	19,984,094
Other current assets	2,282,883	725,130
Total Current Assets	171,845,077	55,388,829
Non-current Assets		
Restricted cash, non-current	6,511,407	1,616,677
Long-term prepaid expenses	6,834,162	7,217,986
Deposits for property and equipment	776,627	9,716,009
Property and equipment, net	220,648,149	129,039,494
Right of use assets	34,354,338	36,627,800
Deferred tax assets	178,107	—
Other non-current assets	285,954	192,905
Total Non-current Assets	269,588,744	184,410,871
Total Assets	\$ 441,433,821	\$ 239,799,700
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term bank borrowings	\$ 30,648,493	\$ 16,126,730
Accounts payable	52,376,724	17,629,696
Accounts payable – a related party	3,269,212	—
Contract liabilities	27,592,381	3,635,144
Contract liabilities – related parties	80,348,303	20,098,561
Income tax payable	15,386,467	781,238
Due to related parties	62,328,287	56,633,373
Other payable and accrued expenses	15,415,684	3,392,774
Lease liabilities, current	2,867,727	2,118,900
Contingent consideration payable (nil and 13,000,000 earnout shares subject to surrender and cancel as of December 31, 2025 and 2024, respectively)	—	4,617,000
Long-term bank borrowings, current portion	5,471,119	—
Total Current Liabilities	295,704,397	125,033,416
Lease liabilities, non-current	34,474,040	34,327,142
Long-term bank borrowings	—	20,999,733
Total Non-current Liabilities	34,474,040	55,326,875
Total Liabilities	330,178,437	180,360,291
Commitments and Contingencies (Note 18)		
Equity		
Ordinary shares (par value \$0.0001 per share, 500,000,000 shares authorized, 37,758,997 shares and 46,595,743 shares issued as of December 31, 2025 and 2024, and 36,712,040 shares as of December 31, 2025 and 33,595,743 shares (excluding 13,000,000 earnout shares subject to surrender and cancel) outstanding as of December 31, 2024, respectively)	3,671	3,359
Additional paid-in capital	28,779,967	14,414,905
Retained earnings	89,976,384	50,316,486
Accumulated other comprehensive loss	(7,504,638)	(5,494,790)
Total TOYO Co., Ltd Shareholders’ Equity	111,255,384	59,239,960
Non-controlling interest	—	199,449
Total Equity	111,255,384	59,439,409
Total Liabilities and Equity	\$ 441,433,821	\$ 239,799,700

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

TOYO Co., Ltd
CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

	For the Year Ended December 31,		
	2025	2024	2023
Revenues from related parties	\$ 171,090,197	\$ 127,271,262	\$ 61,504,724
Revenues from third parties	256,292,806	49,685,866	872,666
Revenues	427,383,003	176,957,128	62,377,390
Cost of revenues – related parties	(131,136,988)	(95,904,220)	(35,923,151)
Cost of revenues – third parties	(199,908,574)	(59,154,996)	(9,823,709)
Cost of revenues	(331,045,562)	(155,059,216)	(45,740,860)
Gross profit	96,337,441	21,897,912	16,636,530
Operating expenses			
Selling and marketing expenses	(5,923,870)	(1,625,724)	(17,573)
General and administrative expenses	(31,376,223)	(11,412,152)	(4,632,009)
Total operating expenses	(37,300,093)	(13,037,876)	(4,649,582)
Income from operations	59,037,348	8,860,036	11,986,948
Other (expenses) income			
Interest expenses, net	(3,318,705)	(3,264,646)	(3,261,459)
Other (expenses) income, net	(1,854,076)	586,167	1,163,666
Changes in fair value of contingent consideration payable	(1,341,794)	35,100,000	—
Total other (expenses) income, net	(6,514,575)	32,421,521	(2,097,793)
Income before income taxes	52,522,773	41,281,557	9,889,155
Income tax expenses	(15,370,241)	(781,238)	—
Net income	\$ 37,152,532	\$ 40,500,319	\$ 9,889,155
Less: net loss attributable to noncontrolling interests	(2,507,366)	(113,851)	—
Net income attributable to TOYO Co., Ltd.’s shareholders	\$ 39,659,898	\$ 40,614,170	\$ 9,889,155
Other comprehensive loss			
Foreign currency translation adjustment	(2,009,848)	(2,689,595)	(3,200,853)
Comprehensive income	\$ 35,142,684	\$ 37,810,724	\$ 6,688,302
Less: net loss attributable to noncontrolling interests	(2,507,366)	(113,851)	—
Comprehensive income attributable to TOYO Co., Ltd.’s shareholders	\$ 37,650,050	\$ 37,924,575	\$ 6,688,302
Weighted average number of ordinary share outstanding– basic*	30,099,569	30,751,424	41,000,000
Earnings per share – basic*	\$ 1.14	\$ 1.09	\$ 0.24
Weighted average number of ordinary share outstanding– diluted*	30,333,876	30,751,424	41,000,000
Earnings per share – diluted*	\$ 1.13	\$ 1.09	\$ 0.24

* The shares and per share information are presented on a retroactive basis to reflect the reorganization effected on February 27, 2024 (Note 1).

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

TOYO Co., Ltd
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

	Attributable to TOYO Co., Ltd.’s shareholders						
	Ordinary shares		Additional paid-in capital	(Accumulated deficit)	Accumulated other	Non- controlling interest	Total Amount
	Number of shares*	Amount		Retained Earnings	comprehensive income (loss)		
Balance as of December 31, 2022	41,000,000	\$ 4,100	\$ 7,635,319	\$ (186,839)	\$ 395,658	\$ —	\$ 7,848,238
Capital injection from shareholders	—	—	42,360,581	—	—	—	42,360,581
Net loss	—	—	—	9,889,155	—	—	9,889,155
Foreign currency translation adjustments	—	—	—	—	(3,200,853)	—	(3,200,853)
Balance as of December 31, 2023	41,000,000	\$ 4,100	\$ 49,995,900	\$ 9,702,316	\$ (2,805,195)	\$ —	\$ 56,897,121
Reverse recapitalization	4,425,743	442	(851,791)	—	—	—	(851,349)
Reclassification of earnout shares	(13,000,000)	(1,300)	(39,715,700)	—	—	—	(39,717,000)
Capitalization of offering costs pursuant to reverse recapitalization	—	—	(2,572,889)	—	—	—	(2,572,889)
Issuance of ordinary shares to a private placement investor	1,100,000	110	5,999,990	—	—	—	6,000,100
Capital injection from shareholders	—	—	10,000	—	—	—	10,000
Issuance of ordinary shares to independent directors	70,000	7	608,993	—	—	—	609,000
Asset acquisition by issuing a subsidiary’s shares	—	—	940,402	—	—	313,300	1,253,702
Net income	—	—	—	40,614,170	—	(113,851)	40,500,319
Foreign currency translation adjustments	—	—	—	—	(2,689,595)	—	(2,689,595)
Balance as of December 31, 2024	33,595,743	\$ 3,359	\$ 14,414,905	\$ 50,316,486	\$ (5,494,790)	\$ 199,449	\$ 59,439,409
Settlement of contingent consideration payable	1,712,297	172	5,958,622	—	—	—	5,958,794
Share-based compensation to employees	24,000	2	4,703,758	—	—	—	4,703,760
Share-based compensation to nonemployees	1,380,000	138	8,964,599	—	—	—	8,964,737
Deemed distribution through purchase of trademark	—	—	(340,000)	—	—	—	(340,000)
Issuance warrants to a service provider	—	—	36,000	—	—	—	36,000
Capital injection from a non-controlling shareholder	—	—	—	—	—	4,000,000	4,000,000
Acquisition of non-controlling interests	—	—	(4,957,917)	—	—	(1,692,083)	(6,650,000)
Net income	—	—	—	39,659,898	—	(2,507,366)	37,152,532
Foreign currency translation adjustments	—	—	—	—	(2,009,848)	—	(2,009,848)
Balance as of December 31, 2025	36,712,040	\$ 3,671	\$ 28,779,967	\$ 89,976,384	\$ (7,504,638)	\$ —	\$ 111,255,384

* The share information is presented on a retroactive basis to reflect the reorganization effected on February 27, 2024 (Note 1).

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

TOYO Co., Ltd
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Currency expressed in United States Dollars (“US\$”))

	For the Year Ended December 31,		
	2025	2024	2023
Cash flows from operating activities:			
Net income	\$ 37,152,532	\$ 40,500,319	\$ 9,889,155
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation of property and equipment	36,551,190	23,235,143	2,607,276
Loss from disposal of property and equipment	—	—	13,511
Amortization of right of use assets	3,042,354	289,198	114,614
Loss from early termination of lease agreement	—	29,186	—
Amortization of long-term prepaid expenses	165,169	171,419	180,192
Share-based compensation to employees	4,703,760	—	—
Share-based compensation to nonemployees	9,000,737	609,000	—
Changes in fair value of contingent consideration payable	1,341,794	(35,100,000)	—
Inventory write down	2,862,847	2,536,668	—
Expense of offering cost allocated to contingent consideration payable	—	359,000	—
Deferred tax benefits	(178,107)	—	—
Changes in operating assets and liabilities:			
Accounts receivable	(4,583,417)	(6,138,919)	—
Accounts receivable – related parties	11,179,845	(11,984,896)	—
Prepayments	(25,030,650)	(254,223)	(152,023)
Prepayments – a related party	(72,264)	23,635,352	(24,845,082)
Inventories	(63,359,435)	15,882,337	(40,728,301)
Other current assets	(1,559,891)	(1,427,492)	(87,263)
Other non-current assets	(94,770)	(171,353)	(22,655)
Accounts payable	6,340,244	3,034,220	2,079,725
Accounts payable – a related party	3,269,718	—	—
Contract liabilities	24,038,608	3,183,138	540,481
Contract liabilities – related parties	60,250,424	(7,813,425)	29,340,608
Income tax payable	14,605,229	781,238	—
Due to related parties	1,281,905	(1,593,064)	3,267,670
Other payable and accrued expenses	11,951,150	(2,769,631)	5,404,730
Lease liabilities	128,959	(486,475)	(131,655)
Net cash provided by (used in) operating activities	132,987,931	46,506,740	(12,529,017)
Cash flows from investing activities:			
Purchase of property and equipment	(91,752,076)	(42,501,403)	(114,113,439)
Purchase of property and equipment from a related party	—	(1,542,768)	(126,272)
Payment for acquisition of non-controlling interests	(6,650,000)	—	—
Net cash used in investing activities	(98,402,076)	(44,044,171)	(114,239,711)
Cash flows from financing activities:			
Capital injection from shareholders	4,000,000	10,000	42,360,581
Proceeds from private placement	—	6,000,100	—
Proceeds from bank borrowings	56,678,373	65,663,820	12,034,734
Repayment of bank borrowings	(57,238,753)	(39,546,161)	—
Proceeds from borrowings from a related party	12,000,000	5,000,000	93,571,624
Repayment of borrowings to a related party	(6,000,000)	(38,093,104)	—
Deemed distribution through purchase of trademark	(340,000)	—	—
Payments of offering costs	—	(1,124,374)	(1,817,310)
Net cash provided by (used in) financing activities	9,099,620	(2,089,719)	146,149,629
Effect of exchange rate changes on cash	(1,974,838)	(2,220,954)	(2,448,856)
Net (decrease) increase in cash	\$ 41,710,637	\$ (1,848,104)	\$ 16,932,045
Cash and restricted cash at beginning of year	17,149,389	18,997,493	2,065,448
Cash and restricted cash at end of year	\$ 58,860,026	\$ 17,149,389	\$ 18,997,493
Supplemental cash flow information			
Cash paid for interest expense	\$ 1,954,648	\$ 3,316,100	\$ —
Cash paid for income tax	\$ 943,119	\$ —	\$ —
Noncash investing and financing activities			

Operating lease right-of-use assets obtained in exchange for operating lease liabilities	\$ 1,916,346	\$ 3,636,453	\$ 473,014
Issuance of ordinary shares to settle of contingent consideration payable	\$ 5,958,794	\$ —	\$ —
Payables related to purchase of property and equipment	\$ 37,658,234	\$ 819,599	\$ 34,743,940
Payment of offering costs by a related party	\$ —	\$ —	\$ 81,025
Accrual of offering costs	\$ —	\$ —	\$ 892,976
Transfer of equity interest of a subsidiary in exchange for asset acquisition in Solar Texas	\$ —	\$ 1,253,702	\$ —
Reconciliation of cash and restricted cash to the consolidated balance sheets			
Cash	\$ 51,634,374	\$ 13,654,445	\$ 18,035,405
Restricted cash	714,245	1,878,267	82,195
Restricted cash, non-current	6,511,407	1,616,677	879,893
	<u>\$ 58,860,026</u>	<u>\$ 17,149,389</u>	<u>\$ 18,997,493</u>

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

TOYO Co., Ltd
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

1. ORGANIZATION AND BUSINESS DESCRIPTION

History of TOYO Co., Ltd

TOYO was incorporated on May 16, 2023, under the laws of the Cayman Islands as an exempted company with limited liability. The Company commenced operations on November 8, 2022, through its a wholly owned subsidiary TOYO Solar Company Limited (“TOYO Solar”, formerly known as “Vietnam Sunergy Cell Company Limited”), which is a limited liability company established under the laws of the Socialist Republic of Vietnam (“Vietnam”). TOYO and its subsidiaries (the “Company”) are primarily engaged in design, manufacture and sales of solar cells and solar modules and related businesses.

As of December 31, 2025, the accompanying consolidated financial statements reflect the activities of TOYO and each of the following entities:

Name of Entity	Date of Incorporation	Place of Incorporation	Ownership	Principal Activities
Parent company:				
TOYO	May 16, 2023	Cayman Islands	Parent	Investment holding
Wholly owned subsidiaries of TOYO				
TOPTOYO Investment Pte. Ltd. (“SinCo”)	April 26, 2023	Singapore	100% owned by TOYO	Sales of solar cells and related businesses
TOYO Solar	November 8, 2022	Vietnam	100% owned by SinCo	Design, manufacture and sales of solar cells and related businesses
TOYO China Co., Ltd. (“TOYO China”)	November 20, 2023	China	100% owned by TOYO Solar	Sales of solar cells and related businesses
TOYO Holdings LLC (“TOYO USA Holding”)	June 25, 2024	USA	100% owned by SinCo	Investment holding
TOYO America LLC (“TOYO America”)	August 29, 2024	USA	100% owned by TOYO USA Holding	Sales of solar modules and related businesses
TOYO Solar LLC	August 29, 2024	USA	100% owned by TOYO USA Holding	Investment holding
TOYO Solar Texas LLC (formerly named as Solar Plus Technology Texas LLC, “TOYO Texas”)	November 25, 2024	USA	100% owned by TOYO Solar LLC	Design, manufacture and sales of solar modules and related businesses
TOYO Solar (Singapore) Pte. Ltd. (“TOYO Singapore”)	August 14, 2024	Singapore	100% owned by SinCo	Sales of solar cells and related businesses
TOYO Solar Manufacturing One Member PLC (“TOYO Ethiopia”)	October 11, 2024	Ethiopia	100% owned by SinCo	Design, manufacture of solar cells and related businesses
TOYO Energy LLC (“TOYO Solar PLC”)	April 21, 2025	USA	100% owned by TOYO USA Holding	Sales of solar cells and related businesses
TOYO Solar Clean Energy Company Limited (“TOYO Solar Clean Energy”)	December 5, 2025	Vietnam	100% owned by SinCo	Design, manufacture and sales of solar modules and related businesses

TOYO Co., Ltd
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

1. ORGANIZATION AND BUSINESS DESCRIPTION (cont.)

Reorganization of TOYO

On February 27, 2024, TOYO completed the reorganization of entities under common control of its then existing shareholders, who collectively owned 100% of the equity interests of TOYO Solar prior to the reorganization. TOYO and 100% owned by SinCo were established as holding companies of TOYO Solar, and all these entities are under common control which results in the consolidation of TOYO Solar, which have been accounted for as a reorganization of entities under common control at carrying value.

On February 23, 2024, the Company issued 41,000,000 ordinary shares, at par value of \$0.0001 per share (the “Ordinary Shares”), to all existing shareholders on a pro rata basis.

The Company believed that it was appropriate to reflect the reorganization on a retroactive basis as if such structure existed at that time and in accordance with ASC 805-50-45-5, the entities under common control are presented on a combined basis for all periods to which such entities were under common control. The Company has retroactively adjusted all share and per share data for all periods presented. The consolidated financial statements are prepared on the basis as if the reorganization became effective as of the beginning of the first year presented in the consolidated financial statements.

History of Blue World Acquisition Corporation (“BWAQ”)

BWAQ is a blank check company incorporated as a Cayman Islands exempted company on July 19, 2021, and formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization, or similar business combination with one or more businesses. The registration statement for BWAQ’s Initial Public Offering (“Initial Public Offering”) was declared effective on January 31, 2022.

As a part of Business Combination, BWAQ merged with and into TOYOone Limited, a Cayman Islands exempted company and wholly-owned subsidiary of TOYO (“Merger Sub”), with Merger Sub continuing as the surviving company.

On December 31, 2024, Merger Sub was struck from the Registrar of Companies of the Cayman Islands and dissolved accordingly. Merger Sub was a holding company. The management believed the disposal of Merger Sub does not represent a strategic shift, in both operating and financing aspects, because it is not changing the way it is running its business. The Company has not shifted the nature of its operations or the major geographic market area. The management believed the deconsolidation of Merger Sub does not represent a strategic shift that has (or will have) a major effect on the Company’s operations and financial results. The dissolution is not accounted for as discontinued operations in accordance with ASC 205-20.

Business Combination with a SPAC

On August 10, 2023, BWAQ entered into the Agreement and Plan of Merger (the “Business Combination Agreement”) with TOYO, Merger Sub, SinCo, and TOYO Solar (together with TOYO, Merger Sub and SinCo, the “Group Companies”, or each individually, a “Group Company”), VSun Joint Venture Stock Company (“VSUN”), and Fuji Solar Co., Ltd, a Japanese company (“Fuji Solar”, together with VSUN, the “Shareholders”, or individually, a “Shareholder”).

TOYO Co., Ltd
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

1. ORGANIZATION AND BUSINESS DESCRIPTION (cont.)

Business Combination with a SPAC (cont.)

Pursuant to the Business Combination Agreement, (a) the Group Companies, VSUN and Fuji Solar shall consummate a series of transactions involving the Group Companies, including (A) TOYO (“PubCo”) acquiring one hundred percent (100%) of the issued and paid-up share capital of 100% owned by SinCo from Fuji Solar in exchange for one (1) Ordinary Shares (and such transaction, the “Share Exchange”), and (B) 100% owned by SinCo acquiring one hundred percent (100%) of the issued and outstanding shares of capital stock of TOYO Solar from VSUN at an aggregate consideration of no less than \$50,000,000 (the “SinCo Acquisition,” and together with the Share Exchange, the “Pre-Merger Reorganization”), as a result of which (i) SinCo shall become a wholly-owned subsidiary of PubCo, (ii) TOYO Solar shall become a wholly-owned subsidiary of SinCo; and (iii) immediately prior to the closing of the SinCo Acquisition, WA Global Corporation, a Cayman Islands exempted company (“WAG”), (ix) Belta Technology Company Limited, a Cayman Islands exempted company (“Belta”), and (x) BestToYo Technology Company Limited, a Cayman Islands exempted company (“BestToYo” and together with WAG and Belta, collectively, the “Sellers”) shall hold an aggregate of 41,000,000 Ordinary Shares, representing all issued and outstanding share capital of PubCo, and (b) following the consummation of the Pre-Merger Reorganization, BWAQ shall merge with and into Merger Sub, with Merger Sub continuing as the surviving company (the “Merger”), as a result of which, among other things, all of the issued and outstanding securities of BWAQ immediately prior to the filing of the plan of merger with respect to the Merger (the “Plan of Merger”) to the Registrar of Companies of the Cayman Islands, or such later time as may be specified in the Plan of Merger (the “Merger Effective Time”) shall no longer be outstanding and shall automatically be cancelled, in exchange for the right of the holders thereof to receive substantially equivalent securities of PubCo, in each case, upon the terms and subject to the conditions set forth in the Business Combination Agreement and in accordance with the provisions of the Companies Act (Revised) of the Cayman Islands and other applicable laws. The Merger, the Pre-Merger Reorganization and each of the other transactions contemplated by the Business Combination Agreement or any of the other relevant Transaction Documents (as defined in the Business Combination Agreement) are collectively referred to as “Business Combination.”

Among the 41,000,000 Ordinary Shares, an aggregate of 13,000,000 shares held by the Sellers (“Earnout Shares”) were deposited with an escrow agent in a segregated escrow account pursuant to an escrow agreement effective upon the closing of Business Combination and will be released from the escrow account and delivered to Sellers as following:

- a. Following the closing of Business Combination, if the net profit, excluding changes in fair value of Earnout Shares, of PubCo for the fiscal year ending December 31, 2024 as shown on the audited financial statements of PubCo for the fiscal year ending December 31, 2024 (such net profit, the “2024 Audited Net Profit”) is no less than \$41,000,000, the 13,000,000 Ordinary Shares shall immediately become vested in full and be released from the escrow account to the Sellers, pro rata; and
- b. If the 2024 Audited Net Profit is less than \$41,000,000, then (X) the portion of the ordinary shares in number equal to (i) the quotient of (a) the 2024 Audited Net Profit divided by (b) \$41,000,000, multiplied by (ii) 13,000,000 ordinary shares, rounded up to the nearest whole number, shall become immediately vested and be released from the escrow account to the Sellers, pro rata, and (Y) the remaining portion of the 13,000,000 ordinary shares shall be surrendered or otherwise delivered by the Sellers to PubCo, pro rata, for no consideration or nominal consideration and cancelled by PubCo.

The Business Combination was consummated on July 1, 2024. Following the consummation of the Business Combination, the ordinary shares of TOYO commenced trading on the Nasdaq Stock Market on July 2, 2024, under the symbol “TOYO.”

TOYO Co., Ltd
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

1. ORGANIZATION AND BUSINESS DESCRIPTION (cont.)

Business Combination with a SPAC (cont.)

Upon closing of the Business Combination, each Class A ordinary share of BWAQ was cancelled in exchange for the right to receive one ordinary share of TOYO, so TOYO had an aggregate of 46,095,743 of the Company’s ordinary shares issued, of which includes the Earnout Shares consisting of 13,000,000 of the Company’s ordinary shares deposited with an escrow agent in a segregated escrow account pursuant to an escrow agreement effective upon the closing of Business Combination and will be released from the escrow account and delivered to the existing shareholders if the Company’s net profit for the year ended December 31, 2024 are equal to or in excess of \$41,000,000 and the number of Earnout Shares to be released is based on the ratio of actual 2024 audited net profit to the benchmark amount of \$41,000,000.

After giving effect to the Business Combination and the issuance of the ordinary shares described above, there were 46,095,743 ordinary shares issued and 33,095,743 ordinary shares outstanding (excluding 13,000,000 Earnout Shares) on July 1, 2024. TOYO has also capitalized offering cost of \$2,572,889, which was recorded as reduction against additional paid-in capital. The Company also allocated offering cost of \$359,000 to contingent consideration payable, which was expensed to the account of “general and administrative expenses” in the consolidated statements of operations and comprehensive income on July 1, 2024.

The reverse recapitalization is equivalent to the issuance of securities by the Company for the net monetary assets of BWAQ, accompanied by a recapitalization. The Company debited equity for the fair value of the net liabilities of BWAQ. In the subsequent financial statements after the Business Combination, the amounts of assets and liabilities for the period before the reverse recapitalization in financial statements are presented as the Company’s and recognized and measured at their pre-combination carrying amounts.

On May 14, 2025, based on the 2024 Audited Net Profit which was reported in the Company’s Annual Report on Form 20-F filed on May 12, 2025 (the “Form 20-F”), which excludes changes in the fair value of Earnout Shares, the Company released an aggregate of 1,712,297 Earnout Shares, which were fully vested, from the Earnout Escrow Account, and cancelled the remaining 11,287,703 Earnout Shares.

TOYO Co., Ltd
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The consolidated financial statements of the Company have been prepared in accordance with the accounting principles generally accepted in the United States of America (“U.S. GAAP”) and regulations of the Securities Exchange Commission (the “SEC”).

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All transactions and balances among the Company and its subsidiaries have been eliminated upon consolidation.

Noncontrolling interest

A non-controlling interest in a subsidiary of the Company represents the portion of the equity (net assets) in the subsidiary not directly or indirectly attributable to the Company. Non-controlling interests are presented as a separate component of equity on the consolidated balance sheet and consolidated statements of operations and comprehensive income are attributed to controlling and non-controlling interests.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities on the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. There were no significant accounting estimates for the years ended December 31, 2025, 2024 and 2023.

Foreign currency translation

Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing on the dates of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency using the applicable exchange rates on the date of the balance sheet.

The reporting currency of the Company is U.S. dollars (“USD” or “\$”) and the accompanying consolidated financial statements have been expressed in USD.

In general, assets and liabilities of the Company whose functional currency is not the USD, are translated into USD, using the exchange rate on the balance sheet date. Revenues and expenses are translated at average rates prevailing during the period. The gains and losses resulting from translation of financial statements of the Company is recorded as a separate component of accumulated other comprehensive income within the statement of shareholders’ equity.

Translation of amounts from Vietnam Dong (“VND”) and Renminbi (“RMB”) into USD has been made at the following exchange rates for the respective periods:

	December 31, 2025	December 31, 2024
VND exchange rate for balance sheet items, except for equity accounts	26,291	25,488
RMB exchange rate for balance sheet items, except for equity accounts	6.9956	7.2985

TOYO Co., Ltd
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Foreign currency translation (cont.)

	For the Year Ended December 31,		
	2025	2024	2023
VND exchange rate for items in the statement of operations and comprehensive income, and statement of cash flows	26,004	25,056	24,270
RMB exchange rate for items in the statement of operations and comprehensive income, and statement of cash flows	7.1876	7.1887	n/a

No representation is made that the VND and RMB amounts could have been, or could be, converted into USD at the rates used in translation.

Fair value of financial instruments

The Company’s financial instruments are accounted for at fair value on a recurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are described below:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value.

The Company’s financial instruments approximate their fair values because of the short-term nature of these instruments. Warrants (Note 15 and Note 16) and Earnout Shares (Note 15) were measured at fair value using unobservable inputs and categorized in Level 3 of the fair value hierarchy.

Cash

Cash primarily consists of bank deposits with original maturities of three months or less, which are unrestricted as to withdraw and use.

Restricted cash, current and non-current

As of December 31, 2025 and 2024, the restricted cash represented bank deposits pledged for a bank borrowing. The current restricted cash was restricted from withdrawal for a period less than 12 months from the date of deposit. The non-current restricted cash was restricted from withdrawal for a period of more than 12 months from the date of deposit.

TOYO Co., Ltd
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Accounts receivable, net

Accounts receivables are recorded at the gross amount less an allowance for expected credit losses and do not bear interest.

On January 1, 2023, the Company adopted Accounting Standards Update (“ASU”) No. 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“ASU 2016-13”), using the modified retrospective transition method. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses. Upon adoption, the Company changed the impairment model to utilize a forward-looking current expected credit losses (CECL) model in place of the incurred loss methodology for financial instruments measured at amortized cost and receivables resulting from the application of ASC 606, including contract assets. The adoption of the guidance had no impact on the consolidated balance sheets or consolidated statements of operations and comprehensive income.

The management maintains an allowance for credit losses and records the allowance for credit losses as an offset to accounts receivable and the estimated credit losses charged to the allowance is classified as “General and administrative expenses” in the consolidated statements of operations and comprehensive income. In determining the amount of the allowance for credit losses, the Company considers historical collectability based on past due status, the age of the balances, credit quality of the Company’s customers based on ongoing credit evaluations, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect the Company’s ability to collect from customers. Delinquent account balances are written-off against the allowance for doubtful accounts after management has determined that the likelihood of collection is not probable. As of December 31, 2025 and 2024, the Company did not record allowance for expected credit losses.

Prepayments and prepayments to a related party

The prepayments represented advance payments for raw materials for the cell and module production. The Company initially recognizes prepayments when cash is advanced to suppliers. Subsequently, the Company derecognizes and reclassifies prepayments to inventories when control over the assets is transferred to and obtained by the Company.

Inventories, net

Inventories are stated at the lower of cost or net realizable value. Cost of inventories is determined using the moving weighted average cost method. Adjustments are recorded to write down the cost of inventories to the estimated net realizable value due to damaged and slow-moving goods, which is dependent upon factors such as historical and forecasted consumer demand, and specific customer requirements. The Company takes ownership, risks, and rewards of the products. Write downs are recorded in “Cost of revenues” in the consolidated statements of operations and comprehensive income. For the years ended December 31, 2025, 2024 and 2023, the Company provided inventory provision of \$2,862,847, \$2,536,668 and \$nil, respectively.

Deposits for property and equipment

The deposits for property and equipment represented advance payments for construction of plants and for machinery to be installed in the plants. The Company initially recognizes deposits for property and equipment when cash is advanced to suppliers. Subsequently, the Company derecognizes and reclassifies deposits for property and equipment to property and equipment when control over these construction services and machinery is transferred to and obtained by the Company.

TOYO Co., Ltd
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Property and equipment, net

Property and equipment primarily consist of building, machinery, office equipment, vehicle, and construction in progress. Building, machinery, office equipment and vehicles are stated at cost less accumulated depreciation less any provision required for impairment in value. Depreciation is computed using the straight-line method with nil residual value rate based on the estimated useful lives. The useful lives of property and equipment are as follows:

Building	5 – 25 years
Machinery	2 – 6 years
Office equipment	2 – 5 years
Vehicle	5 – 6 years
Leasehold improvement	Shorter of lease term and 10 years

The construction in progress was not depreciated until completion of construction and ready for use. Costs of repairs and maintenance are expensed as incurred and asset improvements are capitalized.

Impairment of long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flow expected to be generated by the asset. If such assets are considered to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. No impairment of long-lived assets was recognized for the years ended December 31, 2025, 2024 and 2023.

Revenue recognition

The Company adopted ASC Topic 606, Revenue from Contracts with Customers (“ASC 606”) since its setup. In accordance with ASC 606, revenue is recognized when the control of the promised goods or services is transferred to the customers, and the performance obligations under the contract have been satisfied, in an amount that reflects the consideration expected to be entitled to in exchange for those goods or services (excluding sales taxes collected on behalf of government authorities). The Company’s revenue contracts generally do not include a right of return in relation to the delivered products or services.

The Company determines revenue recognition through the following steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

TOYO Co., Ltd
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Revenue recognition (cont.)

Sales of solar cells

The Company officially commenced sales of solar cells to customers in the second half of 2023. The Company recognizes revenue generated from sales of solar cells at a point in time following the transfer of control of the solar cells to the customers, which typically occurs upon shipment or delivery depending on the terms of the underlying contracts. The transaction price was fixed in the contracts with customers. No variable considerations, significant financing component or payable to customers were identified in contracts with the customer. The contracts with customers may contain provisions that require the Company to make liquidated damage payments to the customer if the Company fails to ship or deliver solar cells before scheduled dates. The Company recognizes these liquidated damages as a reduction of revenue. For the years ended December 31, 2025, 2024 and 2023, the Company did not incur such liquidation damages.

Customers are generally required to make prepayment ranging between 30% and 100% of contract value. Payments received in advance from customers are recorded as “contract liabilities” in the consolidated balance sheets. Advance from customers is recognized as revenue when the Company delivers the solar cells to its customers. In cases where transaction prices are collected after the sales, accounts receivable are recognized when revenue is recognized. Accounts receivable is generally due within 60 days from delivery of solar cells.

Sales agreements typically contain the assurance-type customary product warranties if defects in solar cells exceeds agreed percentage of delivered quantity. The percentage varies among different customers. The assurance-type product warranties are subject to ASC 450, Contingencies. As of December 31, 2025 and 2024, the Company did not accrue warranty liabilities.

Sales of solar modules

In addition, the Company commenced sales of solar modules to a related party customer in the year ended December 31, 2025. The Company recognizes revenue generated from sales of solar modules at a point in time following the transfer of control of the solar modules to the customers, which typically occurs upon shipment or delivery depending on the terms of the underlying contracts. The transaction price was fixed in the contracts with customers. No variable consideration, significant financing component or payable to customers were identified in contracts with the customer.

The related party customer is required to make prepayment of 10% of contract value. Payments received in advance from customers are recorded as “contract liabilities” in the consolidated balance sheets. Advance from customers is recognized as revenue when the Company delivers the solar modules to its customers. The remaining 90% of the contract value is recognized as accounts receivable when revenue is recognized. Accounts receivable is generally due within 60 days from delivery of solar modules.

In addition, the Company did not provide warranties to the customer.

Provision of facilitation services

The Company provided facilitation services for customers’ solar cell and solar module products. The Company is an agent in facilitation services, as it did not bear inventory risks or determine the product selling price in provision of services. The Company identifies one performance obligation in the agreements with customers. The commission rate and the amount of customers’ solar cell and solar module products sold are both explicitly stipulated in the agreements with customers. No variable considerations, significant financing components or payable to customers were identified in contracts with the customer. The Company recognizes revenue from facilitation services for the customers’ solar cells and solar module products at a point when the end customers accept the agreed solar cell and solar module products and the customers collect the fees from end customers. The transaction prices are collected after the sales, accounts receivable are recognized when revenue is recognized. Accounts receivable is generally due within 60 days from provision of facilitation services.

During the year ended December 31, 2025, the Company provided original equipment manufacturer (OEM) services to a third-party customer. The Company manufactured solar cells under the customer’s name and recognized revenues on a net basis upon delivery of solar cells to the customer. 100% prepayment are required from the customer.

TOYO Co., Ltd
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Revenue recognition (cont.)

Contract liabilities

Contract liabilities are recognized if the Company receives consideration prior to satisfying the performance obligation. As of December 31, 2025, the Company had contract liabilities of \$27,592,381 and \$80,348,303 from third party customers and related party customers, respectively, which are expected to be recognized as revenues in the year ending December 31, 2026. As of December 31, 2024, the Company had contract liabilities of \$3,635,144 and \$20,098,561 from third party customers and related party customers, respectively, which were recognized as revenues in the year ended December 31, 2025. As of December 31, 2023, the Company had contract liabilities of \$530,817 and \$28,815,934 from third party customers and related party customers, respectively, which were recognized as revenues in the year ending December 31, 2024

For the years ended December 31, 2025 and 2024, the Company disaggregate revenue into three streams as the following table:

	For the Year Ended December 31,		
	2025	2024	2023
Revenues to third parties:			
Sales of solar cells	\$ 252,820,255	\$ 49,685,866	\$ 872,666
Provision of facilitation services	3,472,551	—	—
	<u>256,292,806</u>	<u>49,685,866</u>	<u>872,666</u>
Revenues to related parties:			
Sales of solar cells	162,249,461	123,797,048	61,504,724
Sales of solar modules	7,583,482	—	—
Provision of facilitation services	1,257,254	3,474,214	—
	<u>171,090,197</u>	<u>127,271,262</u>	<u>61,504,724</u>
Total revenue	<u>\$ 427,383,003</u>	<u>\$ 176,957,128</u>	<u>\$ 62,377,390</u>

For the years ended December 31, 2025 and 2024, the movement of contract liabilities, including related parties and third parties was as follows:

	For the Year Ended December 31,	
	2025	2024
Opening balance	\$ 23,733,705	\$ 29,346,751
Addition of contract liabilities	403,824,391	52,208,001
Revenue recognition during the year	(319,679,148)	(57,821,087)
Foreign exchange adjustment	61,736	40
Ending balance	<u>\$ 107,940,684</u>	<u>\$ 23,733,705</u>
Contract liabilities – third party customers	<u>\$ 27,592,381</u>	<u>\$ 3,635,144</u>
Contract liabilities – related party customers	<u>\$ 80,348,303</u>	<u>\$ 20,098,561</u>

For the year ended December 31, 2025, the contract liabilities increased by \$84,206,979 primarily due to advance payment received in the current period for future sales of solar cells and modules and facilitation service fees, partially offset by the recognition of revenue from sales of cells and facilitation service fees for which payment was received in prior years. For the years ended December 31, 2025 and 2024, the Company recognized revenues of \$23,733,705 and \$29,346,751 which was included in the contract liabilities as of December 31, 2024 and 2023, respectively.

TOYO Co., Ltd
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Cost of revenues

Cost of revenue primarily consists of cost of materials, direct labor costs, and overheads which were attributable to the solar cells and solar modules sold in the relevant periods.

General and administrative expenses

General and administrative expenses primarily consist of employee salary and welfare expenses, amortization of usage of infrastructure expenses and other expenses related to administrative functions.

Income taxes

The Company accounts for income taxes in accordance with the U.S. GAAP for income taxes. Under the asset and liability method as required by this accounting standard, the recognition of deferred income tax liabilities and assets for the expected future tax consequences of temporary differences between the income tax basis and financial reporting basis of assets and liabilities. Provision for income taxes consists of taxes currently due plus deferred taxes.

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis. Deferred tax assets are recognized to the extent that it is more likely than not these items will be utilized against taxable income in the future. Deferred tax is calculated using tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax is charged or credited in the income statement, except when it is related to items credited or charged directly to equity. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided in accordance with the laws of the relevant taxing authorities.

An uncertain tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred. As of December 31, 2025, the Company’s income tax returns in its various tax jurisdictions remain subject to examination for periods ranging from three to five years, depending on the applicable statutes of limitations in each jurisdiction.

Earnings per Share

In accordance with ASC 260, Earnings Per Share, basic net earnings per share is computed by dividing net income attributable to ordinary shareholders by the weighted average number of unrestricted ordinary shares outstanding during the year using the two-class method, which excluded unvested restricted shares. Under the two-class method, net income is allocated between ordinary shares and other participating securities based on dividends declared (or accumulated) and participating rights in undistributed earnings as if all the earnings for the reporting period had been distributed. The Company’s earnout shares are participating securities because they are entitled to receive dividends or distributions on an as converted basis.

Diluted net earnings per share is calculated by dividing net income attributable to ordinary shareholders, as adjusted for the accretion and allocation of net income related to the preferred shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Ordinary share equivalents are excluded from the computation in income periods should their effects be anti-dilutive. The Company had earnout shares, unvested restricted shares and warrants, which could potentially dilute basic earnings per share. To calculate the number of shares for diluted net earnings per share, the effect of the earnout shares is computed using the two-class method or the as-if converted method, whichever is more dilutive. The effect of unvested restricted shares and warrants is computed using treasury stock method.

TOYO Co., Ltd
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Operating leases

The Company leases its land use rights, which are classified as operating leases, in accordance with Topic 842. Operating leases are required to record in the balance sheet as right-of-use assets and lease liabilities, initially measured at the present value of the lease payments. The Company has elected the package of practical expedients, which allows the Company not to reassess (1) whether any expired or existing contracts as of the adoption date are or contain a lease, (2) lease classification for any expired or existing leases as of the adoption date, and (3) initial direct costs for any expired or existing leases as of the adoption date. The Company elected the short-term lease exemption as the lease terms are 12 months or less.

At the commencement date, the Company recognizes the lease liability at the present value of the lease payments not yet paid, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate on a collateralized basis for a similar term as the underlying lease.

The right-of-use asset is recognized initially at cost, which primarily comprises the initial amount of the lease liability, plus any initial direct costs incurred, consisting mainly of brokerage commissions, less any lease incentives received. All right-of-use assets are reviewed for impairment. There was no impairment for right-of-use lease assets as of December 31, 2025 and 2024.

Asset acquisition

When the Company acquires other entities, if the assets acquired and liabilities assumed do not constitute a business, the transaction is accounted for as an asset acquisition. Assets are recognized based on the cost, which generally includes the transaction costs of the asset acquisition, and no gain or loss is recognized unless the fair value of non-cash assets given as consideration differs from the assets’ carrying amounts on the Company’s books. The cost of a group of assets acquired in an asset acquisition is allocated to the individual assets acquired or liabilities assumed based on their relative fair value and does not give rise to goodwill.

Contingent consideration payable

Earnout share arrangement is classified as a liability or equity in accordance with ASC 480 – *Distinguishing Liabilities from Equity* and ASC 815 – *Derivatives and Hedging*, depending on the terms of the arrangement. If the arrangement is classified as a liability, it is initially measured at fair value and subsequently remeasured at each reporting date with changes in fair value recognized in earnings. If classified as equity, it is not remeasured after the initial recognition.

The fair value of contingent consideration is estimated using appropriate valuation techniques, including Monte-Carlo model, which involve significant judgment regarding future financial performance, volatility, expected years, and other assumptions.

The Company reviews and reassesses the fair value of contingent consideration at each reporting period until the contingency is resolved. Adjustments to the fair value are recorded in the consolidated statements of operations and comprehensive income under “Changes in fair value of contingent consideration payable”.

TOYO Co., Ltd
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Warrants

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant’s specific terms and applicable authoritative guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 480, Distinguishing Liabilities from Equity (“ASC 480”) and ASC 815, Derivatives and Hedging (“ASC 815”). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company’s own ordinary shares, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent period end date while the warrant is outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter with changes in fair value recognized in the statements of operations in the period of change.

Share-based compensation

The Company grants share options and restricted shares to its management, employees, consultants, and other non-employees. The Company measures the cost of the share options and restricted shares based on the grant date fair value of the awards and recognizes compensation cost over the vesting period, which is generally the requisite service period as required by the option agreement. When no future services are required to be performed by the employee in exchange for an award of equity instruments, the cost of the award is expensed on the grant date. The Company elects to recognize forfeitures when they occur.

Related party transactions

Parties, which can be a corporation or individual, are considered to be related if the Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Companies are also considered to be related if they are subject to common control or common significant influence. Transactions between related parties commonly occurring in the normal course of business are considered to be related party transactions.

Comprehensive income

A comprehensive income includes net income (loss) and other comprehensive income arising from foreign currency adjustments. Comprehensive income is reported in the statements of operations and comprehensive income.

Commitments and contingencies

In the normal course of business, the Company is subject to loss contingencies, such as legal proceedings and claims arising out of its business, which cover a wide range of matters, including, among others, government investigations, and tax matters. In accordance with ASC 450, Contingencies, the Company records accruals for such loss contingencies when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated.

TOYO Co., Ltd
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Reclassification

Certain items in the financial statements of the comparative period have been reclassified to conform to the financial statements for the current period. The reclassification has no impact on the total assets and total liabilities as of December 31, 2025 or on the statements of operations for the years ended December 31, 2025, 2024 and 2023.

Segment reporting

The Company uses the management approach to determine operating segment. The management approach considers the internal organization and reporting used by the Company’s chief operating decision maker (“CODM”) for making decisions, allocation of resources and assessing performance. The Company’s CODM has been identified as the Chief Executive Officer who reviews the consolidated net income when making decisions about allocating resources and assessing performances of the Company.

The CODM assesses performance and decides how to allocate resources for our one operating segment based on consolidated net income that is reported on the consolidated statements of operations and uses property, plant, and equipment, net, to measure segment assets. Further, the Company has also evaluated the significant segment expenses incurred by our single segment and regularly provided to the CODM. The significant segment expenses provided to the CODM are consistent with those reported on the consolidated statements of operations and include cost of sales, selling, general and administrative, research and development, interest expense, and income taxes. The CODM uses these metrics to make key operating decisions such as: approving a new product launch strategy, making significant capital expenditures, approving the design of key commercialization strategies, decisions about key personnel, and approving annual operating and capital budgets. The CODM considers budget-to-actual variances and year over year performance when making decisions supporting capital resource allocation.

Since the Company operates in one reportable segment, all financial information required can be found in the consolidated financial statements. The following table disaggregates the Company’s revenues by primary geographical markets based on the location of customers for the year ended December 31, 2025, 2024 and 2023.

	For the Year Ended December 31,		
	2025	2024	2023
USA	\$ 341,445,865	\$ 5,252,064	\$ —
Other areas	85,937,138	171,705,064	62,377,390
Total	\$ 427,383,003	\$ 176,957,128	\$ 62,377,390

The following table disaggregates the geographic information of the Company’s long-lived assets, which consist of long-term prepaid expenses, deposits for property and equipment, property and equipment and operating lease right-of-use assets, as of December 31, 2025 and 2024.

	December 31, 2025	December 31, 2024
Vietnam	\$ 77,615,854	\$ 110,203,576
USA	42,541,090	37,909,237
Ethiopia	142,456,332	34,488,476
Total	\$ 262,613,276	\$ 182,601,289

TOYO Co., Ltd
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Recently issued accounting standards

On December 17, 2025, the FASB issued ASU 2025-12, which is to correct, clarify, and otherwise improve U.S. GAAP. ASU 2025-12 includes 33 improvements that span a wide range of topics, including Clarifying diluted earnings per share (EPS) calculation when a loss from continuing operations exists, Clarifying disclosure requirements for lease receivables from sales-type or direct financing leases, Revising the calculation of the reference amount for beneficial interests to prevent double counting credit losses, Clarifying the permissible methods to account for treasury stock retirements, and Clarifying the guidance for transfers of receivables from contracts with customers. The amendments in this Update are effective for all entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. If an entity adopts the amendments in this Update in an interim period, it must adopt them as of the beginning of the annual reporting period that includes that interim reporting period. An entity may elect to early adopt the amendments on an issue-by-issue basis. For example, an entity may decide to early adopt certain amendments and adopt the remaining amendments at the effective date. An entity should apply the amendments in this Update (except for the amendments to Topic 260, Earnings Per Share, related to Issue 4) using one of the following transition methods: (i) Prospectively to all transactions recognized on or after the date that the entity first applies the amendments, or (ii) Retrospectively to the beginning of the earliest comparative period presented. An entity should adjust the opening balance of retained earnings (or other appropriate components of equity or net assets in the statement of financial position) as of the beginning of the earliest comparative period presented. The Company is currently evaluating these new disclosure requirements and does not expect the adoption to have a material impact.

On December 8, 2025, the FASB issued ASU 2025-11, which is intended to improve the navigability of the guidance in ASC 270 and clarify when it applies. Under the amendments, an entity is subject to ASC 270 if it provides “interim financial statements and notes in accordance with GAAP.” The ASU also addresses the form and content of such financial statements, adds lists to ASC 270 of the interim disclosures required by all other Codification topics, and establishes a principle under which an entity must “disclose events since the end of the last annual reporting period that have a material impact on the entity.” For public business entities, the amendments in ASU 2025-11 are effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. For all other entities, the amendments in ASU 2025-11 are effective for interim reporting periods within annual reporting periods beginning after December 15, 2028. Early adoption is permitted for all entities. The Company is currently evaluating these new disclosure requirements and does not expect the adoption to have a material impact.

On July 30, 2025, the FASB issued ASU 2025-05, which amends ASC 326-20 to provide a practical expedient for all entities which elect a practical expedient that assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset in developing reasonable and supportable forecasts as part of estimating expected credit losses, and an accounting policy election for all entities, other than a public business entity, that elect the practical expedient related to the estimation of expected credit losses for current accounts receivable and current contract assets that arise from transactions accounted for under ASC 606. Under ASU 2025-05, an entity is required to disclose whether it has elected to use the practical expedient and, if so, whether it has also applied the accounting policy election. An entity that makes the accounting policy election is required to disclose the date through which subsequent cash collections are evaluated. ASU 2025-05 is effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods, with early adoption permitted. Entities should apply the new guidance prospectively. The Company is currently evaluating these new disclosure requirements and does not expect the adoption to have a material impact.

In January 2025, the FASB issued ASU 2025-01, “Income Statement – Comprehensive Income – Expense Disaggregation Disclosure (Subtopic 220-40): Clarifying the Effective Date.” This pronouncement revises the effective date of ASU 2024-03 and clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Entities within the ASU’s scope are permitted to early adopt the accounting standard update. The Company is currently evaluating these new disclosure requirements and does not expect the adoption to have a material impact.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

In November 2024, the FASB issued ASU 2024-03, “Income Statement—Reporting Comprehensive Income (Subtopic 220-40): Disaggregation of Income Statement Expenses.” This pronouncement introduces new disclosure requirements aimed at enhancing transparency in financial reporting by requiring disaggregation of specific income statement expense captions. Under the new guidance, entities are required to disclose a breakdown of certain expense categories, such as: employee compensation; depreciation; amortization, and other material components. The disaggregated information can be presented either on the face of the income statement or in the notes to the financial statements, often using a tabular format. The ASU is effective for fiscal years beginning after December 15, 2025, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating these new disclosure requirements and does not expect the adoption to have a material impact.

In March 2024, the FASB issued ASU 2024-02, “Codification Improvements – Amendments to Remove References to the Concept Statements” (“ASU 2024-02”). ASU 2024-02 contains amendments to the FASB Accounting Standards Codification that remove references to various FASB Concepts Statements. In most instances, the references are extraneous and not required to understand or apply the guidance. In other instances, the references were used in prior Statements to provide guidance in certain topical areas. ASU 2024-02 is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the potential impact of adopting this guidance on financial statements requirements and does not expect the adoption to have a material impact.

In December 2023, the FASB issued ASU 2023-09, which is an update to Topic 740, Income Taxes. The amendments in this update related to the rate reconciliation and income taxes paid disclosures improve the transparency of income tax disclosures by requiring (1) adding disclosures of pretax income (or loss) and income tax expense (or benefit) to be consistent with U.S. Securities and Exchange Commission (SEC) Regulation S-X 210.4-08(h), Rules of General Application—General Notes to Financial Statements: Income Tax Expense, and (2) removing disclosures that no longer are considered cost beneficial or relevant. For public business entities, the amendments in this Update are effective for annual periods beginning after December 15, 2024. For entities other than public business entities, the amendments are effective for annual periods beginning after December 15, 2025. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The amendments in this Update should be applied on a prospective basis. Retrospective application is permitted. As the Company qualifies as a EGC and it made the election to use the adoption dates available to non-PBEs in its financial statements for all new or revised accounting standards, the Company decides to adopt ASU2023-09 for annual periods beginning after December 15, 2025.

In October 2023, the FASB issued ASU 2023-06, Disclosure Improvements — codification amendments in response to SEC’s disclosure Update and Simplification initiative which amend the disclosure or presentation requirements of codification subtopic 230-10 Statement of Cash Flows—Overall, 250-10 Accounting Changes and Error Corrections— Overall, 260-10 Earnings Per Share— Overall, 270-10 Interim Reporting— Overall, 440-10 Commitments— Overall, 470-10 Debt—Overall, 505-10 Equity—Overall, 815-10 Derivatives and Hedging—Overall, 860-30 Transfers and Servicing—Secured Borrowing and Collateral, 932-235 Extractive Activities— Oil and Gas—Notes to Financial Statements, 946-20 Financial Services— Investment Companies— Investment Company Activities, and 974-10 Real Estate—Real Estate Investment Trusts—Overall. The amendments represent changes to clarify or improve disclosure and presentation requirements of above subtopics. Many of the amendments allow users to more easily compare entities subject to the SEC’s existing disclosures with those entities that were not previously subject to the SEC’s requirements. Also, the amendments align the requirements in the Codification with the SEC’s regulations. For entities subject to existing SEC disclosure requirements or those that must provide financial statements to the SEC for securities purposes without contractual transfer restrictions, the effective date aligns with the date when the SEC removes the related disclosure from Regulation S-X or Regulation S-K. Early adoption is not allowed. For all other entities, the amendments will be effective two years later from the date of the SEC’s removal.

The Company does not believe the above-mentioned recently issued but not yet effective accounting standards, if currently adopted, would have a material impact on its consolidated financial position, statements of operations and comprehensive income and cash flows.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Significant risks and uncertainties

1) Credit risk

Assets that potentially subject the Company to significant concentration of credit risk primarily consist of cash. The maximum exposure of such assets to credit risk is their carrying amount as at the balance sheet dates. As of December 31, 2025, the Company held cash of \$51,561,225 in the financial institutions, among which \$4,851,332 were deposited in financial institutions located in Vietnam, \$29,815,140 were deposited in financial institutions located in Singapore, \$7,366,955 were deposited in financial institutions located in the USA, \$1,294 were deposited financial institutions located in the Japan, \$7,598,255 were deposited financial institutions located in the Ethiopia and \$2,001,398 were deposited in financial institutions located in China.

Each bank account in Singapore is insured by government authority with the maximum limit of SG\$100,000. Each bank account in the USA is insured by the Federal Deposit Insurance Corp. (“FDIC”) with the maximum limit of \$250,000. Each bank account in Japan is insured by government authority with the maximum limit of JPY10,000,000. Each bank account in Mainland China is insured by the government authority with the maximum limit of RMB 500,000 (equivalent to approximately \$68,500). The bank accounts in Vietnam and Ethiopia are not insured.

To limit exposure to credit risk relating to deposits, the Company primarily place cash deposits with large financial institutions in Vietnam which management believes are of high credit quality and the Company also continually monitors their credit worthiness.

2) Foreign currency risk

The Company has contracts for the sales of products, purchases of materials and equipment which are denominated in foreign currencies, including Vietnam Dong (VND), Renminbi (RMB), Ethiopia Birr (ETB), and Singapore Dollar (SGD). For the year ended December 31, 2025, substantially all of the Company’s revenues are dominated by US Dollar. VND, the functional currency of TOYO Solar, and RMB, the functional currency of TOYO China, are not freely convertible into foreign currencies.

All foreign exchange transactions in Vietnam take place either through the State Bank of Vietnam (“SBV”) or other authorized financial institutions at exchange rates quoted by SBV. Approval of foreign currency payments by the SBV or other regulatory institutions requires submitting a payment application form together with suppliers’ invoices and signed contracts. The value of VND is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the Vietnam Foreign Exchange Trading System market.

All foreign exchange transactions in China take place either through the Peoples’ Bank of China (“PBOC”) or other authorized financial institutions at exchange rates quoted by PBOC. Approval of foreign currency payments by the PBOC or other regulatory institutions requires submitting a payment application form together with suppliers’ invoices and signed contracts. The value of RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market.

3) Concentration risk

The Company commenced sales to customers in the second half of 2023. The Company has a concentration of its revenues from specific customers and accounts payable with specific vendors.

For the year ended December 31, 2025, one third party customer and one related party customer accounted for 40% and 36% of total revenues, respectively. For the year ended December 31, 2024, one related party customer and one third party customer accounted for 66% and 10% of total revenues, respectively.

As of December 31, 2025, two customers from third parties accounted for 46% and 22% of accounts receivable, respectively. As of December 31, 2024, one third party customer and one related party customer accounted for 29% and 23% of accounts receivable, respectively.

As of December 31, 2025, two suppliers from third parties accounted for 33% and 27% of accounts payable, respectively. As of December 31, 2024, two suppliers from third parties accounted for 17%, and 10% of accounts payable, respectively.

For the year ended December 31, 2025, one related party supplier accounted for 29.2% of total purchases of inventories. For the year ended December 31, 2024, one related party supplier and one third party supplier accounted for 55.0% and 16.9% of total purchases of inventories, respectively. For the year ended December 31, 2023, one related party supplier and one third party supplier accounted for 64.5% and 14.8% of total purchases of inventories, respectively.

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3. LIQUIDITY CONDITION AND GOING CONCERN

As of December 31, 2025 and 2024, the Company had working capital deficits of \$123,859,320 and \$69,644,587, respectively. This condition raised substantial doubt about the Company’s ability to continue as a going concern within twelve months from the issuance of the annual report.

The Company’s liquidity is based on its ability to generate cash from operating activities and obtain financing from investors to fund its general operations and capital expansion needs. The Company’s ability to continue as a going concern is dependent on management’s ability to successfully execute its business plan, which includes increasing revenue while controlling operating cost and expenses to generate positive operating cash flows and obtain financing from outside sources.

As of December 31, 2025, among the working capital deficits of \$123,859,320, the Company had contract liabilities from both third-party customers and related party customers of \$107,940,684 which would be settled through recognition of revenues. In addition, the Company had payable of \$62,328,287 due to related parties which may be extended when due. In addition, the Company generated cash flow of \$132,987,931 from its operating activities for the year ended December 31, 2025, and entered into borrowing agreements with financial institutions and related parties to borrow an aggregated amount of \$68,678,373.

The Company’s liquidity is based on its ability to obtain capital financing from equity interest investors and borrow funds on favorable economic terms to fund its general operations and capital expansion needs. The Company’s ability to continue as a going concern is dependent on management’s ability to successfully raise more capitals and execute its business plan, which includes increasing revenue while controlling operating cost and expenses to generate positive operating cash flows and obtaining funds from outside sources of financing to generate positive financing cash flows. Currently, the Company is working to improve its liquidity and capital sources mainly through borrowing from related parties and obtaining financial support from its principal shareholder who has agreed to continue providing funds for the Company’s working capital needs whenever needed.

In addition, in order to fully implement its business plan and sustain continued growth, the Company is also actively seeking financing from outside investors, borrowings from related parties and financial institutions. However, there can be no assurance that these plans and arrangements will be sufficient to fund the Company’s ongoing capital expenditure, working capital, and other requirements. The Company has prepared the consolidated financial statements on a going concern basis. If the Company encounters unforeseen circumstances that place constraints on its capital resources, management will be required to take various measures to conserve liquidity. Management cannot provide any assurance that the Company will raise additional capital if needed.

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4. ASSET ACQUISITION

On November 25, 2024, TOYO Solar LLC closed a Membership Interest Purchase Agreement (the “Membership Interest Purchase Agreement”) with Solar Plus Technology, Inc., a Delaware corporation (“Solar Plus”) and SG Green Development Pte. Ltd., an entity organized under the laws of Singapore (“SG Green”).

Pursuant to the Membership Interest Purchase Agreement, Solar Plus agrees to sell to TOYO Solar LLC all of the issued and outstanding membership interests held by Solar Plus in TOYO Texas. The Company acquired TOYO Texas to construct a solar module plant in Texas. In exchange, TOYO Solar LLC agrees to issue to Solar Plus 24.99% equity interest in TOYO Solar LLC. As a result, Solar Plus indirectly held 24.99% equity interest in TOYO Texas.

Upon the closing of the Membership Interest Purchase Agreement, the Company, through TOYO Solar LLC, owned 75.01% equity interest in Solar Texas and controlled Solar Texas.

Upon the closing of the acquisition on November 25, 2024, the Company acquired the assets and assumed the liabilities at fair value as below:

	November 25, 2024
Cash	\$ 128
Prepayments for property and equipment	1,253,574
Operating lease right-of-use assets	33,108,460
Operating lease liabilities	(33,108,460)
Total	\$ 1,253,702

The acquisition was determined to be an asset acquisition for accounting purposes because there were no input, process, or output as of the closing date of acquisition. The fair value of share consideration is determined by reference to the fair value of the net assets of TOYO Texas. The Company recognized the assets and liabilities at fair value, with corresponding accounts recognized as additional paid-in capital of \$940,402 and non-controlling interests of \$313,300 based on equity interest held by TOYO USA Holding and Solar Plus.

5. ACQUISITION OF NON-CONTROLLING INTEREST

In April 2025, Solar Plus Technology, Inc. made additional capital contribution of \$4,000,000 in TOYO Texas.

On November 24, 2025, the Company entered into a share purchase agreement with Solar Plus Technology, Inc., pursuant to which the Company purchased 24.99 Class B units, or 24.99% equity interest in TOYO Solar US in cash consideration of \$6,650,000. The transaction was closed on December 4, 2025.

According to ASC 810-10-45-23, the Company’s acquisition of non-controlling interest in TOYO Solar LLC did not represent a business combination because control over TOYO Solar US was obtained prior to the transaction. The transaction was accounted for as equity transactions. Therefore, no gain or loss shall be recognized in consolidated net income or comprehensive income.

On December 4, 2025, the Company recorded the difference between the cash consideration of \$6,650,000 and the carrying value of the non-controlling interest of \$1,692,083 as a reduction against additional paid-in capital.

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6. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following:

	December 31, 2025	December 31, 2024
Accounts receivable	\$ 11,253,459	\$ 6,913,996
Less: expected credit losses	—	—
Accounts receivable, net	<u>\$ 11,253,459</u>	<u>\$ 6,913,996</u>

For the years ended December 31, 2025, 2024 and 2023, the Company did not provide expected credit losses against accounts receivable, as the balance was fully collected as of the date of this report.

7. INVENTORIES, NET

Inventories, net consisted of the following:

	December 31, 2025	December 31, 2024
Raw materials	\$ 37,247,442	\$ 3,317,887
Finished goods	17,247,048	16,666,207
Goods in transit	25,491,587	—
Total inventories, net	<u>\$ 79,986,077</u>	<u>\$ 19,984,094</u>

For the years ended December 31, 2025, 2024 and 2023, the Company provided inventory write-down of \$2,862,847, \$2,536,668 and \$nil, respectively, against finished goods, because the carrying amount of certain finished goods were below net realizable value.

8. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	December 31, 2025	December 31, 2024
Construction in progress	\$ 8,386,394	\$ 10,320,596
Machinery	172,767,448	116,977,275
Building	83,343,942	18,400,135
Leasehold improvement	6,060,439	—
Office equipment	4,121,355	2,781,912
Vehicle	401,024	550,134
Total property and equipment	<u>275,080,602</u>	<u>149,030,052</u>
Less: accumulated depreciation	(54,432,453)	(19,990,558)
Total property and equipment, net	<u>\$ 220,648,149</u>	<u>\$ 129,039,494</u>

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8. PROPERTY AND EQUIPMENT, NET (cont.)

Depreciation expense was \$36,551,190, \$23,235,143, and \$2,607,276 for the years ended December 31, 2025, 2024 and 2023. For the year ended December 31, 2024, TOYO Solar transferred machinery of \$27,395,942 to TOYO Ethiopia. The machinery were not accrued of depreciation expenses when they were en route. The machinery arrived in TOYO Ethiopia during the year ended December 31, 2025 and were put into use for production.

As of December 31, 2025, the Company collateralized all of its buildings in TOYO Solar with carrying value of \$17,213,790, and machinery with carrying amount of \$31,324,354 for the long-term bank credit facility from BIDV (Note 11).

As of December 31, 2024, the Company collateralized all of its buildings in TOYO Solar with carrying value of \$17,576,346, and machinery with carrying amount of \$73,580,639 for the long-term bank credit facility from BIDV (Note 11), among which machinery of \$24,916,182 was transferred to TOYO Ethiopia and in progress of release from collateralization.

As of December 31, 2025, the Company has drawn down loans of \$5,471,119 from the long-term bank credit facility from BIDV and had unused line of credit of \$84,528,881. As of December 31, 2024, the Company has drawn down loans of \$20,999,733 from the long-term bank credit facility from BIDV and had unused line of credit of \$69,000,267.

9. LONG-TERM PREPAID EXPENSES

In November 2022, the Company entered into an agreement with a third party. The agreement conveys the Company the right to use a piece of designated land (“Land Use Rights”) and the right to use certain public infrastructures within the industrial zones, for a period of 45 years maturing in October 2067. Pursuant to the agreement, the third party charged a total fee of \$1.4 million for the Land Use Rights, which was accounted for as an operating lease right-of-use asset (Note 10), and a total fee of \$8.2 million for the public infrastructures, respectively. As of December 31, 2023, the Company fully paid the service fees.

Because these public infrastructures were shared among all lessees in the industrial zone, the Company has no rights to obtain substantially all of the economic benefits from this public infrastructure. The Company recorded the total public infrastructure service fee as long-term prepaid expenses, and amortized the long-term prepaid expenses over 45 years in straight-line method.

Long-term prepaid expenses were comprised of the following:

	December 31, 2025	December 31, 2024
Prepaid expenses for public infrastructure	\$ 7,351,489	\$ 7,583,098
Less: accumulated amortization	(517,327)	(365,112)
Total	\$ 6,834,162	\$ 7,217,986

For the years ended December 31, 2025, 2024 and 2023, the amortization expenses for long-term prepaid expenses are \$165,169, \$171,419 and \$180,192, respectively.

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10. OPERATING LEASE

In November 2022, the Company leased Land Use Rights in Vietnam under non-cancelable operating leases, with lease term of 45 years. The land is free of charge for the first five years and will be charged of rental fee of approximately \$32,300 per annum. The Company constructed plants for manufacturing cells on the Land Use Rights. For the year ended December 31, 2023, the Company entered into certain staff dormitory lease agreements with third party lessors, all with a lease term of 3 years. For the year ended December 31, 2024, the Company terminated all long-term staff dormitory lease agreements with third party lessors. For the year ended December 31, 2024, the Company entered into operating lease agreements for land, plant and offices in the USA (Note 4) and Ethiopia, with lease term ranging between 120 months and 125 months. In April 2025, the Company issued a letter of credit of \$5.0 million, as security deposit, to landlord of a solar module plant in Texas. The letter of credit was collateralized with bank deposits of \$5.0 million. For the year ended December 31, 2025, the Company entered into operating lease agreements for plant and offices in Ethiopia, with lease term ranging between 24 months and 120 months.

The table below presents the operating lease related assets and liabilities recorded on the consolidated balance sheets.

	December 31, 2025	December 31, 2024
Right of use assets	\$ 34,354,338	\$ 36,627,800
Operating lease liabilities, current	2,867,727	2,118,900
Operating lease liabilities, noncurrent	34,474,040	34,327,142
Total operating lease liabilities	\$ 37,341,767	\$ 36,446,042

Other information about the Company’s leases is as follows:

	For the Year Ended December 31,		
	2025	2024	2023
Operating cash flows used in operating leases	\$ 3,206,712	\$ 761,288	\$ 173,267
Weighted average remaining lease term (years)	8.9	10.5	32.4
Weighted average discount rate	6%	7%	10%

For the year ended December 31, 2025, operating lease expenses were \$5,164,404, among which \$145,911 was incurred for short-term lease. For the year ended December 31, 2024, operating lease expenses were \$838,022, among which \$271,485 was incurred for short-term lease. For the year ended December 31, 2023, operating lease expenses were \$357,300, among which \$216,177 was incurred for short-term lease. The following is a schedule, by years, of maturities of lease liabilities as of December 31, 2025:

	December 31, 2025
For the year ending December 31, 2026	\$ 4,992,890
For the year ending December 31, 2027	5,140,919
For the year ending December 31, 2028	5,290,201
For the year ending December 31, 2029	5,501,715
For the year ending December 31, 2030	5,658,868
Thereafter	23,001,193
Total lease payments	49,585,786
Less: Imputed interest	12,244,019
Present value of operating lease liabilities	\$ 37,341,767

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11. LINE OF CREDIT

On April 26, 2023, the Company entered into a three-year bank credit facility with BIDV, under which the Company can draw-down up to \$90,000,000 by April 25, 2026. The interest rate for this credit facility was 9.5% per annum, subject to vary every six months. The interest rate was reduced to 8% since August 2023, and reduced to 6.5% since March 2024 and to 6.3% since September 2024. In September 2025, the interest rate was revised to 7.7%. As of December 31, 2025, the credit facility was collateralized by certain of the Company’s buildings and machinery (Note 8) and guaranteed by SinCo.

For the years ended December 31, 2025, 2024 and 2023, the Company has drawn down loans of \$nil, \$14,734,246 and \$12,034,734 for the long-term bank credit facility from BIDV, respectively. For the years ended December 31, 2025, 2024 and 2023, the Company repaid loans of \$15,051,531, \$4,821,201 and \$nil for the long-term bank credit facility from BIDV, respectively.

As of December 31, 2025, the Company has drawn down loans of \$5,471,119 from the long-term bank credit facility from BIDV and has unused line of credit of \$84,528,881. As of December 31, 2024, the Company has drawn down loans of \$20,999,733 from the long-term bank credit facility from BIDV and has unused line of credit of \$69,000,267. Each loan is repayable upon maturity of the bank credit facility.

For the year ended December 31, 2025, the Company recognized interest expenses of \$1,026,301 from long-term bank borrowings, none of which was capitalized in property and equipment. For the year ended December 31, 2024, the Company recognized interest expenses of \$1,215,221 from long-term bank borrowings, among which \$73,479 was capitalized in property and equipment. For the year ended December 31, 2023, the Company recognized interest expenses of \$212,064, among which \$90,526 was capitalized in property and equipment.

Short-term bank credit facility

On January 31, 2024, the Company entered into a one-year revolving bank credit facility with BIDV, under which the Company can draw-down up to \$100,000,000 by January 30, 2025. Each loan is repayable in five months. For the year ended December 31, 2025, the Company fully repaid the loans underlying the revolving bank credit facility with BIDV.

In March 2025, The Company entered the revolving bank credit facility with BIDV, under which the Company can draw-down up to \$30,000,000 by February 28, 2026. In February 2026, the Company renewed the revolving bank credit facility with BIDV, under which the Company can draw-down up to \$30,000,000 by February 28, 2027. Each loan is repayable in five months. As of December 31, 2025, the Company has fully drawn down loans from the short-term bank credit facility from BIDV.

Letter of credit

In April 2025, the Company issued a letter of credit of \$5.0 million, as security deposit for a period of three years, to landlord of a solar module plant in Texas. The letter of credit was collateralized with bank deposits of \$5.0 million.

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12. SHORT-TERM BORROWINGS

In connection with the revolving bank credit facility the Company entered into with BIDV in January 2024 (Note 11), the Company has drawn down loans of \$50,929,574 for working capital purpose for the year ended December 31, 2024. The borrowings bore interest rates ranging between 3.5% and 4% per annum. For the year ended December 31, 2025 and 2024, the Company repaid loans of \$15,806,725 and \$34,550,455, respectively.

In connection with the revolving bank credit facility the Company entered into with BIDV in March 2025 (Note 11), the Company has fully drawn down loans of \$56,678,373 for working capital purpose for the year ended December 31, 2025. The borrowings bore interest rates ranging between 3.5% and 4% per annum. For the year ended December 31, 2025, the Company repaid loans of \$26,380,497.

For the year ended December 31, 2025 and 2024, the Company recognized and fully paid interest expenses of \$737,811 and \$708,968, respectively.

13. INCOME TAXES

Cayman Islands

Under the current tax laws of the Cayman Islands, the Company is not subject to tax on its income or capital gains.

Singapore

SinCo and TOYO Singapore are subject to corporate income tax for its business operation in Singapore. Tax on corporate income is imposed at a flat rate of 17%.

Vietnam

TOYO Solar is subject to Vietnam Enterprise Income Tax (“EIT”) on the taxable income in accordance with the relevant Vietnam income tax laws. The Vietnam’s statutory, Enterprise Income Tax (“EIT”) rate is 20%.

As a new enterprise, the Company received the preferential tax treatments since its inception, and is exempt from income taxes for the first two years since the year ended December 31, 2023. When Company generated taxable income through year 2024, the Company is entitled to income tax rate of 8.5%, which is half of preferential income tax rate of 17% for four years ended December 31, 2025 through 2028.

China

Under the Enterprise Income Tax (“EIT”) Law in the PRC, the unified EIT rate for domestic enterprises and foreign invested enterprises is 25%, except for available preferential tax treatments.

USA

In the United States, TOYO USA Holding, TOYO America, TOYO Solar LLC, TOYO Texas and TOYO Energy are subject to federal and state income taxes on its business operations.

The Company also evaluated the impact from the recent tax reforms in the United States, including the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), the One Big Beautiful Bill Act and Inflation Reduction Act. No material impact on the Company is expected based on our analysis. We will continue to monitor the potential impact going forward.

Ethiopia

TOYO Ethiopia is subject to corporate income tax at a standard rate of 30% on its business operations in Ethiopia. In accordance with the investment incentive framework of Ethiopia, eligible manufacturing entities may be granted corporate income tax exemptions upon approval by the Ethiopian Investment Commission. TOYO Ethiopia is entitled to a four-year exemption from corporate income tax commencing from the date of establishment. The Company obtained its Ethiopian business license on February 21, 2025. The tax exemption period covers the fiscal years from 2025 to 2028.

TOYO Co., Ltd
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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13. INCOME TAXES (cont.)

Income/(loss) before income tax expense is attributable to the following geographic locations:

	For the Year Ended December 31,		
	2025	2024	2023
Cayman	\$ (16,078,341)	\$ 29,501,693	\$ —
Singapore	89,029,151	301,398	—
Vietnam	(16,139,376)	9,436,467	9,889,155
China	4,616	(503,007)	—
USA	(7,810,814)	3,018,236	—
Ethiopia	3,517,537	(473,230)	—
Total	\$ 52,522,773	\$ 41,281,557	\$ 9,889,155

The income tax provision consists of the following components:

	For the Year Ended December 31,		
	2025	2024	2023
Current income tax expenses			
Cayman	\$ —	\$ —	\$ —
Singapore	15,298,124	51,238	—
Vietnam	—	—	—
China	—	—	—
USA	250,224	730,000	—
Ethiopia	—	—	—
Total	\$ 15,548,348	\$ 781,238	\$ —
Deferred income tax expenses			
Cayman	—	—	—
Singapore	(178,107)	—	—
Vietnam	—	—	—
China	—	—	—
USA	—	—	—
Ethiopia	—	—	—
Total	\$ (178,107)	\$ —	\$ —
Total income tax expenses			
Cayman	—	—	—
Singapore	15,120,017	51,238	—
Vietnam	—	—	—
China	—	—	—
USA	250,224	730,000	—
Ethiopia	—	—	—
Total	\$ 15,370,241	\$ 781,238	\$ —

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13. INCOME TAXES (cont.)

The reconciliation of income tax expenses computed at the statutory tax rate applicable to income tax expenses is as follows:

	For the Year Ended December 31,		
	2025	2024	2023
Net income before tax	\$ 52,522,773	\$ 41,281,557	\$ 9,889,155
Provision for income taxes at Vietnam statutory income tax rate (20%)	10,504,555	8,256,311	1,997,831
Effect of non-deductible expenses	35,977	1,835	99,413
Effect of preferential income taxes	959,597	(1,740,475)	(2,097,244)
Effect of different income tax rates in other jurisdictions	803,732	(5,951,672)	—
Effect of changes in tax rates	—	(259,743)	—
Effect of changes in valuation allowance	2,734,014	474,982	—
Effect of true-up on net operating losses	82,143	—	—
Effect of state income taxes, net of federal benefit*	250,223	—	—
Effective income tax expenses	\$ 15,370,241	\$ 781,238	\$ —

* For the year ended December 31, 2025, the Company did not recognize a current federal tax benefit related to state income taxes as it incurred a federal net operating loss.

The significant components of deferred taxes were as follows:

	December 31, 2025	December 31, 2024
Deferred tax assets:		
Lease liabilities	\$ 6,629,247	\$ 6,900,691
Inventory write down	611,670	249,367
Net operating losses	2,444,363	245,205
Total deferred tax assets	9,685,280	7,395,263
Less: valuation allowance	(3,186,778)	(474,982)
Total deferred tax assets, net of valuation allowance	6,498,502	6,920,281
Deferred tax liabilities:		
Right of use assets	(6,320,395)	(6,920,281)
Net deferred tax assets	\$ 178,107	\$ —

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13. INCOME TAXES (cont.)

The changes related to valuation allowance are as follows:

	For the Year Ended December 31,		
	2025	2024	2023
Balance at beginning of the year	\$ 474,982	\$ —	\$ —
Additions	2,853,289	474,982	—
Reversals	(119,275)	—	—
Foreign exchange adjustment	(22,218)	—	—
Balance at end of the year	\$ 3,186,778	\$ 474,982	\$ —

Total net operating losses (NOLs) carryforwards of the Company’s Vietnam subsidiary is \$14,895,980 as of December 31, 2025 will expire in calendar year 2030, if not utilized. The NOLs carryforwards of the Company’s USA subsidiaries subsidiary is \$5,653,513 as of December 31, 2025, which can be carried forward without an expiration date.

The Company considers positive and negative evidence to determine whether some portion or all of the deferred tax assets will more likely than not be realized. This assessment considers, among other matters, the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carry forward periods, the Company’s experience with tax attributes expiring unused and tax planning alternatives. Valuation allowances have been established for deferred tax assets based on a more-likely-than-not threshold. Under the applicable accounting standards, management has considered the Company’s history of losses and uncertainty regarding future profitability and concluded that it is more likely than not that the Company will not generate future taxable income to utilize the deferred tax assets. Accordingly, as of December 31, 2025 and 2024, a \$3,186,778 and \$474,982 valuation allowance has been established, respectively.

Uncertain tax positions

The Company evaluates each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measure the unrecognized benefits associated with the tax positions. As of December 31, 2025 and 2024, the Company did not have any unrecognized uncertain tax positions. For the years ended December 31, 2025, 2024 and 2023, the Company did not incur any interest and penalties related to potential underpaid income tax expenses.

The Company and its subsidiaries’ major tax jurisdictions are Vietnam, Singapore, Ethiopia, PRC and the United States. Income tax returns of the Company and its subsidiaries remain open and subject to examination by the local tax authorities of Vietnam, Singapore, Ethiopia, PRC and the United States until the statute of limitations expire in each corresponding jurisdiction. The statute of limitations in Vietnam, Singapore, Ethiopia, PRC and the United States are between 3 and 5 years.

14. RELATED PARTY TRANSACTIONS AND BALANCES

1) Nature of relationships with related parties

The table below sets forth the major related parties and their relationships with the Company, with which the Company entered into transactions for the years ended December 31, 2025, 2024 and 2023, or recorded balances as of December 31, 2025 and 2024.

Name	Relationship with the Company
Fuji Solar Co., Ltd. (“Fuji Solar”)	Controlled by the controlling shareholder of the Company
VSUN	Controlled by Fuji Solar
Vietnam Sunergy (Bac Ninh) Company Limited (“VSun Bac Ninh”)	Wholly owned by VSUN
VSun Solar USA Inc. (“VSun USA”)	Wholly owned by VSUN
VSun China Co., Ltd. (“VSun China”)	Wholly owned by VSUN
Vietnam Sunergy Europe GmbH (“VSun GmbH”)	Wholly owned by VSUN

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14. RELATED PARTY TRANSACTIONS AND BALANCES (cont.)

2) Transactions with related parties

	For the Year Ended December 31,		
	2025	2024	2023
Sales and service revenue from related parties			
VSUN	\$ 154,690,933	\$ 116,937,974	\$ 61,504,724
VSun USA	8,939,297	5,252,064	—
VSun Bac Ninh	6,572,678	337,346	—
VSun China	887,289	4,743,878	—
Total	\$ 171,090,197	\$ 127,271,262	\$ 61,504,724
Purchase of raw materials and services from a related party			
VSun China	\$ 94,932,303	\$ 48,484,527	\$ 49,601,203
VSUN USA	7,788,309	—	—
Total	\$ 102,720,612	\$ 48,484,527	\$ 49,601,203
Purchase of machinery from a related party			
VSun China	\$ —	\$ 1,542,768	\$ 126,272
Purchase of trademarks from related parties (a)			
VSUN	\$ 128,000	\$ —	\$ —
VSUN GmbH	212,000	—	—
Total	\$ 340,000	\$ —	\$ —
Payment of operating expenses by related parties on behalf of the Company			
VSUN	\$ —	\$ 59,802	\$ 104,113
Others	92,549	19,520	—
Total	\$ 92,549	\$ 79,322	\$ 104,113
Repayment of operating expenses to a related party paid on behalf of the Company			
VSUN	\$ 60,000	\$ 148,000	\$ —
Others	111,069	—	—
Total	\$ 171,069	\$ 148,000	\$ —
Payment of offering cost by a related party on behalf of the Company			
Fuji Solar (b)	\$ —	\$ —	\$ 1,179,129
Repayment of offering cost paid by a related party on behalf of the Company			
Fuji Solar (b)	\$ —	\$ 81,025	\$ 1,098,104
Prepayments of raw materials to related parties (c)			
VSUN	\$ 72,264	\$ —	\$ —
VSun China	—	—	24,845,082
Total	\$ 72,264	\$ —	\$ 24,845,082
Borrowings from related parties			
VSUN (d)	\$ —	\$ —	\$ 93,571,624
VSun USA (e)	12,000,000	5,000,000	—
Total	\$ 12,000,000	\$ 5,000,000	\$ 93,571,624
Repayment of borrowings to a related party			
VSUN (d)	\$ —	\$ 38,093,104	\$ —
VSun USA (e)	6,000,000	—	—
Total	\$ 6,000,000	\$ 38,093,104	\$ —
Accrual of interest expenses on borrowings from related parties			
VSUN (d)	\$ 920,722	\$ 1,382,890	\$ 3,163,557
VSun USA (e)	634,384	14,995	—
Total	\$ 1,555,106	\$ 1,397,885	\$ 3,163,557
Repayment of interest expenses on borrowings from a related party			
VSUN (d)	\$ —	\$ 1,391,911	\$ —
VSun USA (e)	252,600	—	—
Total	\$ 252,600	\$ 1,391,911	\$ —

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14. RELATED PARTY TRANSACTIONS AND BALANCES (cont.)

- (a) For the year ended December 31, 2025, the Company purchased trademarks of \$128,000 and \$212,000 from VSUN and VSUN GmbH, respectively. The trademark acquisition transactions between the Company and the related parties are transactions under common control and are recorded at carryover basis in accordance with ASC 805-50. At the parent company level, the carrying value of the intangible assets were zero. Accordingly, separately identifiable intangible asset is not recognized.
- (b) For the year ended December 31, 2023, Fuji Solar paid offering cost of \$1,179,129 on behalf of the Company. In the same year, the Company repaid offering cost of \$1,098,104 to Fuji Solar. For the year ended December 31, 2024, the Company fully paid the remaining offering cost of \$81,025 to Fuji Solar.
- (c) For the year ended December 31, 2025, the Company made prepayments of \$72,264 to VSUN for raw materials, all which were delivered to the Company as of the date of this report. For the year ended December 31, 2023, the Company also made prepayments of \$24,845,082 to VSun China for raw materials, all which were delivered to the Company in the year of 2024. For the year ended December 31, 2024, the Company did not make prepayments to VSun China for raw materials.
- (d) For the year ended December 31, 2023, the Company borrowed loans of approximately \$93.6 million (VND 2.2 trillion) from VSUN as working capital and payment for property and equipment. Each loan is matured in one year from borrowing. The interest rate of borrowings were 9.5% before August 2023, and reduced to 8% for August 2023 and further reduced to 7% since September 2023.

For the year ended December 31, 2024, the Company did not borrow loans, while repaid loans of approximately \$38.1 million (VND 954.5 billion) to VSUN. In December 2024, VSUN reduced the interest rate of borrowings to 2%, and applied the reduced interest rate to borrowings of 2023. For the year ended December 31, 2024, the Company reversed interest expenses of 2023 in the amount of \$1,505,865 as a result of reduced interest rate of borrowings.

For the year ended December 31, 2025, the Company did not borrow loans from or repaid loans to VSUN.

For the year ended December 31, 2025, 2024 and 2023, the Company accrued interest expenses of \$920,722, \$1,382,890 and \$3,163,557 on the borrowings, respectively. For the year ended December 31, 2025, 2024 and 2023, the Company paid interest expenses of \$nil, \$1,391,911 and \$nil to VSUN.

- (e) In December 2024, the Company borrowed a loan of \$5.0 million from VSun USA as payment for property and equipment in TOYO Texas. The loan was matured in December 2025 and extended to December 2026. The interest rate of borrowings were 4.2% and is payable on maturity of the borrowing.

For the year ended December 31, 2025, the Company borrowed a loan of \$12.0 million from VSun USA as payment for property and equipment in TOYO Texas. The loan was matured through March 2026. The interest rate of borrowings were 4.2% and is payable on maturity of the borrowing.

For the year ended December 31, 2025 and 2024, the Company accrued interest expenses of \$634,384 and \$14,995, respectively.

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14. RELATED PARTY TRANSACTIONS AND BALANCES (cont.)

3) Balances with related parties

Accounts receivable – related parties

Related party	Nature of balance	December 31, 2025	December 31, 2024
VSun USA	Sales to the related party	\$ 486,378	\$ 3,474,214
VSun China	Sales to the related party	8,317	4,402,462
VSUN	Sales to the related party	—	3,963,972
Total		\$ 494,695	\$ 11,840,648

Prepayments — a related party

Related party	Nature of balance	December 31, 2025	December 31, 2024
VSUN	Prepayments for raw materials	\$ 72,264	\$ —
Total		\$ 72,264	\$ —

Accounts payable – a related party

Related party	Nature of balance	December 31, 2025	December 31, 2024
VSun China	Purchase of raw materials	\$ 3,269,212	\$ —
Total		\$ 3,269,212	\$ —

Contract liabilities — related parties

Related party	Nature of balance	December 31, 2025	December 31, 2024
VSUN	Advance for solar cells	\$ 78,856,795	\$ 20,000,000
VSun USA	Advance for solar modules	1,491,508	98,561
Total		\$ 80,348,303	\$ 20,098,561

Due to related parties

Related party	Nature of balance	December 31, 2025	December 31, 2024
VSUN	Borrowings	\$ 48,530,388	\$ 50,059,338
VSUN	Interest payable	2,390,023	1,469,301
VSUN	Payment of other operating expenses on behalf of the Company	10,098	70,219
VSun USA	Borrowings	11,000,000	5,000,000
VSun USA	Interest payable	396,778	14,995
Others	Payment of other operating expenses on behalf of the Company	1,000	19,520
Total		\$ 62,328,287	\$ 56,633,373

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15. EQUITY

Ordinary shares

a) Reorganization of TOYO

TOYO’s authorized share capital is 500,000,000 ordinary shares of par value of US\$0.0001 per share.

On February 23, 2024, the Company issued 41,000,000 ordinary shares, at par value of \$0.0001 per share, to all existing shareholders on a pro rata basis.

The issuance of 41,000,000 shares was considered as being part of the reorganization of the Company and was retroactively applied as if the transaction occurred at the beginning of the period presented. No cash or other consideration was paid for the issuance of 41,000,000 ordinary shares. All the existing shareholders and directors of the Company consider this share issuance was part of the Company’s reorganization to result in 41,000,000 ordinary shares issued and outstanding prior to completion of the Business Combination.

b) Earnout shares

Among the 41,000,000 ordinary shares, an aggregate of 13,000,000 ordinary shares were deposited with an escrow agent in a segregated escrow account pursuant to an escrow agreement effective upon the closing of Business Combination and will be released from the escrow account and delivered to the existing shareholders as following:

- (a) Following the closing of Business Combination, if the net profit, excluding changes in fair value of Earnout Shares, of PubCo for the fiscal year ending December 31, 2024 as shown on the audited financial statements of PubCo for the fiscal year ending December 31, 2024 (such net profit, the “2024 Audited Net Profit”) is no less than \$41,000,000, the 13,000,000 ordinary shares shall immediately become vested in full and be released from the escrow account to the existing shareholders, pro rata; and
- (b) If the 2024 Audited Net Profit is less than \$41,000,000, then (X) the portion of the ordinary shares in number equal to (i) the quotient of (a) the 2024 Audited Net Profit divided by (b) \$41,000,000, multiplied by (ii) 13,000,000 ordinary shares, rounded up to the nearest whole number, shall become immediately vested and be released from the escrow account to the existing shareholders, pro rata, and (Y) the remaining portion of the 13,000,000 ordinary shares shall be surrendered or otherwise delivered by the existing shareholders to PubCo, pro rata, for no consideration or nominal consideration and cancelled by PubCo.

Upon the closing of the Business Combination, the 13,000,000 ordinary shares were held in escrow account, accordingly, the 13,000,000 shares were deemed as issued but not outstanding shares as of December 31, 2024 for accounting purposes and for earnings per share computations.

On May 14, 2025, based on the 2024 Audited Net Profit which was reported in the Company’s Annual Report on Form 20-F filed on May 12, 2025 (the “Form 20-F”), which excludes changes in the fair value of Earnout Shares, the Company released an aggregate of 1,712,297 Earnout Shares, which were fully vested, from the Earnout Escrow Account, and cancelled the remaining 11,287,703 Earnout Shares.

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15. EQUITY (cont.)

c) Business Combination with BWAQ

On July 1, 2024, as part of the Business Combination between the Company and BWAQ, the Company issued 4,425,743 ordinary shares to the shareholders of BWAQ, among which 1,796,328 ordinary shares were issued to the sponsor of BWAQ, 530,066 ordinary shares were issued to Fuji Solar, 717,035 ordinary shares were issued to private shareholders, 949,714 shares of ordinary shares were issued to public shareholders of BWAQ, 412,600 ordinary shares were issued to the underwriter, 20,000 ordinary shares were issued to two independent directors of BWAQ.

d) Share-based compensation

On June 28, 2024, the Company entered into share-based compensation with three independent directors of BWAQ, pursuant to which the Company granted 70,000 restricted shares to the three independent directors as compensation for past expenses. The Company issued the shares on July 1, 2024.

On August 29, 2025, the Company granted an aggregated 2,450,957 restricted shares to management, consultants, and certain employees of the Company's ultimate shareholder under a share incentive plan (the “TOYO ESOP”). As of December 31, 2025, 1,404,000 restricted shares were issued and outstanding (Note 15).

e) PIPE purchase agreement

On March 6, 2024, the Company entered into a share purchase agreement (as amended on June 26, 2024, the “PIPE Purchase Agreement”) with BWAQ and a certain investor, NOTAM Co., Ltd., a Japanese corporation (the “PIPE Investor” or “NOTAM”), in connection with the Business Combination. Pursuant to the PIPE Purchase Agreement, NOTAM agrees to purchase a total of 600,000 ordinary shares (the “NOTAM PIPE Shares”), at a purchase price of \$10.00 per share, for an aggregate purchase price of \$6,000,000. The PIPE Amendment provides that the Company agrees to, conditioned on the PIPE Closing (as defined in the PIPE Purchase Agreement) and the Merger Closing, issue additional Ordinary Shares to NOTAM, issued up to 500,000 ordinary shares to NOTAM at purchase price of \$100 if the average closing price of ordinary shares did not meet agreed prices. On July 1, 2024, the Company closed the PIPE Purchase Agreement, issued 600,000 ordinary shares in exchange of \$6,000,000 from NOTAM. The NOTAM PIPE Shares were embedded features which are clearly and closely related to ordinary shares issued to the shareholders of the Company upon closing of the Business Combination. On August 9, 2024, the Company issued additionally 500,000 ordinary shares to NOTAM pursuant to the PIPE Purchase Agreement at a total purchase price of \$100.

As of December 31, 2025 and 2024, the Company had 37,758,997 and 46,595,743 ordinary shares issued, respectively. As of December 31, 2025 and 2024, the Company had 36,712,040 and 33,595,743 ordinary shares outstanding, respectively.

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15. EQUITY (cont.)

Public Warrants

Pursuant to BWAQ’s initial public offering on February 2, 2022, BWAQ sold 9,200,000 units (the “Public Units”). Each Public Unit consists of one ordinary share (“Public Share”), one half of one redeemable warrant (“Public Warrant”) and one right (“Public Right”). Each whole Public Warrant entitled the holder to purchase one ordinary share at an exercise price of \$11.50 per share. Each Public Right entitles the holder to receive one-tenth (1/10) of one ordinary share upon consummation of the business combination.

Public Warrants may only be exercised for a whole number of shares. No fractional shares will be issued upon exercise of the Public Warrants. The Public Warrants will expire five years from the consummation of a business combination or earlier upon redemption or liquidation.

The Public Warrants became exercisable after the consummation of the Business Combination between the Company and BWAQ on July 1, 2024. No Public Warrants will be exercisable for cash unless the Company has an effective and current registration statement covering the ordinary shares issuable upon exercise of the Public Warrants and a current prospectus relating to such ordinary shares. The Company may call the warrants for redemption, in whole and not in part, at a price of \$0.01 per warrant:

- at any time while the warrants are exercisable,
- upon not less than 30 days’ prior written notice of redemption to each warrant holder,
- if, and only if, the reported last sale price of the Ordinary Shares equals or exceeds \$16.50 per share (as adjusted for share dividends, share splits, share aggregation, extraordinary dividends, reorganizations, recapitalizations and the like), for any 20 trading days within any 30-trading day period commencing after the warrant become exercisable and ending one the third trading day prior to the date on which notice of redemption is given to warrant holders (the “Force-Call Provision”), and
- if, and only if, there is a current registration statement in effect with respect to the ordinary shares underlying such warrants at the time of redemption and for the entire 30-days trading period referred to above and continuing each day thereafter until the date of redemption.

If the Company call the warrants for redemption as described above, its management will have the option to require all holders that wish to exercise warrants to do so on a “cashless basis.” In such event, each holder would pay the exercise price by surrendering the whole warrants for that number of ordinary shares equal to the quotient obtained by dividing (x) the product of the number of ordinary shares underlying the warrants, multiplied by the difference between the exercise price of the warrants and the “fair market value” (defined below) by (y) the fair market value. The “fair market value” shall mean the average reported last sale price of the ordinary shares for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of warrants.

As the Public Warrants meet the criteria for equity classification under ASC 480 and ASC 815, therefore, the warrants are classified as equity. As of December 31, 2025 and 2024, the Company had 4,600,000 Public Warrants outstanding.

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15. EQUITY (cont.)

Private Warrants

Simultaneously with the closing of the initial public offering of BWAQ, BWAQ also sold 424,480 Private Placement Units in a private placement. Each Private Placement Unit consists of one ordinary share (“private placement share”), one half of one redeemable warrant (“Private Warrant”) and one right (“Private Right”). Each whole Private Warrant entitles the holder to purchase one ordinary share at an exercise price of \$11.50 per whole share. Each Private Right entitles the holder to receive one-tenth (1/10) of one ordinary share upon consummation of the business combination.

The Private Placement Units are identical to the Public Units being sold in the initial public offering of BWAQ except that Private Placement Units will not be transferable, assignable or saleable until 30 days after the completion of the business combination and will be entitled to registration rights.

As the Private Warrants meet the criteria for equity classification under ASC 480 and ASC 815, therefore, the warrants are classified as equity. As of December 31, 2025 and 2024, the Company had 212,240 Private Warrants outstanding.

Other Warrants

On July 1, 2024, the Company issued 315,543 units (the “Other Units”) to BWAQ former shareholders and other affiliates to settle promissory notes payable. Each Other Unit consists of one ordinary share, one half of one redeemable warrant (“Other Warrant”) and one right (“Other Right”). Each whole Public Warrant entitled the holder to purchase one ordinary share at an exercise price of \$11.50 per share. Each Other Right entitles the holder to receive one-tenth (1/10) of one ordinary share immediately upon consummation of the business combination.

The Other Units are identical to the Private Units. As the Other Warrants meet the criteria for equity classification under ASC 480 and ASC 815, therefore, the warrants are classified as equity. As of December 31, 2025 and 2024, the Company had 157,767 Other Warrants outstanding.

Public Rights, Private Rights and Other Rights

Each holder of a Public Right and Private Right will automatically receive one-tenth (1/10) of an ordinary share upon consummation of a business combination, even if the holder of a Public Right converted all ordinary shares held by him, her or it in connection with a business combination or an amendment to the Company’s Amended and Restated Memorandum and Articles of Association with respect to its pre-business combination activities. Upon the closing of the Business Combination of the Company and BWAQ, the Company issued 920,000 ordinary shares, 42,448 ordinary shares and 33,919 ordinary shares in connection with an exchange of Public Rights, Private Rights and Other Rights, respectively. The Company recorded the issuance of ordinary shares at par value with corresponding account charged to additional paid-in capital.

AMI Warrants

On February 26, 2025, the Company also issued certain warrants to AUM Media Inc. exercisable for 50,000 Ordinary Shares at an exercise price of \$5.50 per share for a period of three years till February 26, 2028 (the “AMI Warrants”). The AMI Warrants meet the criteria for equity classification under ASC 480 and ASC 815, therefore, the warrants are classified as equity. As of December 31, 2025 and 2024, the Company had 50,000 and nil AMI Warrants outstanding.

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16. SHARE-BASED COMPENSATION

Warrants issued to AUM Media Inc. (“AMI”)

On February 26, 2025, the Company issued warrants to AMI to purchase up to 50,000 ordinary shares at an exercise price of \$5.50 per share for a period of three years till February 26, 2028 (the “AMI Warrants”). The issuance of warrants was to compensate portion of the consulting services provided by AMI for the year ended December 31, 2025.

AMI Warrants was classified as equity (Note 16). The fair value of AMI Warrants was determined using a binomial model. The following table summarizes the assumptions used in estimating the fair value of AMI Warrants on February 26, 2025.

	February 26, 2025
Stock price	\$ 3.70
Expected volatility (%)	46.25%
Risk-free interest rate	3.69%
Expected terms (in years)	3
Expected dividends (%)	0%

On February 26, 2025, the fair value of AMI Warrants was \$36,000. The Company recognized the expenses using the straight-line method. For the year ended December 31, 2025, the Company recognized expenses of \$36,000 as “general and administrative expenses”, with a corresponding account charged to additional paid-in capital.

Restricted shares under TOYO ESOP

The Company has TOYO ESOP, under which the Company may grant share incentive awards, including options, restricted shares and restricted share units, to eligible service providers in order to attract, retain and motivate the talent for which the Company competes. The number of ordinary shares initially be approved for issuance under the TOYO ESOP (the “Share Limit”) is 4,440,500 shares. Subject to the authorized share capital as provided in the memorandum of association and articles of association of TOYO then in effect, the Share Limit will be increased automatically on January 1st of each calendar year during the term of the TOYO ESOP commencing on January 1st 2025 (each, an “Evergreen Date”), by an amount equal to one percent (1%) of the total number of outstanding shares of TOYO on the end of the calendar year immediately preceding the applicable Evergreen Date. The shares that TOYO issues under the TOYO ESOP may be newly issued shares, treasury shares or shares purchased on the open market. If an award is terminated, forfeited, expires or lapses for any reason, any shares subject to such award may be used again for new grants under the TOYO ESOP. Unless otherwise expressly provided in the TOYO ESOP, by applicable laws and by the notice of grant, an award is non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance, or charge.

TOYO Co., Ltd
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(Currency expressed in United States Dollars (“US\$”), except for number of shares)

16. SHARE-BASED COMPENSATION (cont.)

On August 29, 2025, the Company granted an aggregated 2,450,957 restricted shares, under TOYO ESOP, to management, consultants and certain employees of Abalance Corporation, the Company’s ultimate shareholder. The grant-date fair value of these restricted shares were \$5.64 by reference to closing market price prevailing on the grant date. In September 2025, the Company issued the shares in an escrow account, which released the restricted shares to recipients upon vesting schedule.

For the year ended December 31, 2025, the Company recognized share-based compensation expenses of \$13,668,497 in the account of “general and administrative expenses” in consolidated statements of operations and comprehensive income.

The details were as the following:

Recipients	Granted and issued shares	Outstanding shares	Share compensation expenses recognized in the year ended December 31, 2025
Restricted shares issued to management:			
Management (a)	810,000	-	\$ 4,568,400
Independent directors (b)	24,000	24,000	135,360
	834,000	24,000	\$ 4,703,760
Restricted shares issued to non-employees:			
Three consultants (c)	1,380,000	1,380,000	\$ 7,783,200
One consultant (d)	110,000	-	420,380
Employees of Abalance Corporation (e)	126,957	-	\$ 761,157
	1,616,957	1,380,000	8,964,737
	2,450,957	1,404,000	\$ 13,668,497

- (a) The Company granted 810,000 restricted shares to management, which were vested on January 1, 2026 subject to service conditions. The Company recognized share-based compensation expenses in straight-line method over the service period from August 29, 2025 through December 31, 2025. As of December 31, 2025, there were no unrecognized share-based compensation expenses. Since the restricted shares were not vested until January 1, 2026, the 810,000 restricted shares were not outstanding as of December 31, 2025.
- (b) The Company granted 24,000 restricted shares to three independent directors as award for past services. The restricted shares were immediately vested and the Company recognized share-based compensation expenses on grant date.
- (c) The Company granted an aggregated 1,380,000 restricted shares to three consultants as awards for full operation of the Company’s manufacturing facilities in Texas and Ethiopia. The performance conditions were met in the year ended December 31, 2025 and the Company fully recognized share-based compensation expenses in the year ended December 31, 2025.
- (d) The Company also granted and issued 110,000 restricted shares to another consultant which was subject to a six-month service condition. The Company recognized share-based compensation expenses in straight-line method over the service period from August 29, 2025 through February 28, 2026. As of December 31, 2025, the 110,000 restricted shares were not outstanding. As of December 31, 2025, the Company had unrecognized share-based compensation expenses of \$220,020.
- (e) The Company granted an aggregated 126,957 restricted shares to certain employees of the Company’s ultimate shareholders, which provided service in the Company’s Business Combination with BWAQ. These shares were awarded for their past services and were not released until January 1, 2026. The Company recognized share-based compensation expenses on grant date. As of December 31, 2025, there were no unrecognized share-based compensation expenses. Since the restricted shares were not released until January 1, 2026, the 126,957 restricted shares were not outstanding as of December 31, 2025.

TOYO Co., Ltd
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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16. SHARE-BASED COMPENSATION (cont.)

For the year ended December 31, 2025, the transaction activities of restricted shares were as below:

	Number of Restricted Shares	Weighted Average Grant-date Fair Value
Unvested restricted shares as of December 31, 2024	—	\$ —
Granted	2,450,957	\$ 5.64
Vested	(1,404,000)	\$ 5.64
Unvested restricted shares as of December 31, 2025	<u>1,046,957</u>	<u>\$ 5.64</u>

As of December 31, 2025, unrecognized share-based compensation expenses were \$154,900.

17. EARNINGS PER SHARE

For the years ended December 31, 2025 and 2024, the Company has determined that the 13,000,000 ordinary shares held in escrow account as earnout shares are participating securities as the earnout shares participate in undistributed earnings on an as-if-converted basis. The holders of the earnout shares are entitled to receive dividends on a pro rata basis, as if their shares had been converted into ordinary shares. Accordingly, the Company uses the two-class method of computing net income per share, for ordinary shares and earnout shares according to the participation rights in undistributed earnings.

For the years ended December 31, 2025 and 2024, the Company applied treasury method in computing dilutive earnings per share for unvested restricted shares and warrants.

For the years ended December 31, 2025 and 2024, the outstanding warrants, including Public Warrants, Private Warrants and Other Warrants and AMI Warrants, were excluded from the calculation of diluted net earnings per ordinary share, as their inclusion would have been anti-dilutive for the periods prescribed.

The Company had 13,000,000 unvested earnout shares as of and for the years ended December 31, 2024 and for the period from January 1, 2025 through May 14, 2025. The unvested earnout shares contain a non-forfeitable right to dividends and hence are considered as participating securities. The two-class method was applied to compute basic earnings per share attributable to ordinary shareholders.

The following table sets forth the computation of basic and diluted earnings per share for the years ended December 31, 2025, 2024 and 2023:

	For the Years Ended December 31,		
	2025	2024	2023
Net income attributable to TOYO Co., Ltd.’s shareholders	\$ 39,659,898	\$ 40,614,170	\$ 9,889,155
Less: Net income attributable to holders of earnout shares	5,427,851	7,086,765	—
Net income attributable to TOYO Co., Ltd.’s ordinary shareholders	\$ 34,232,047	\$ 33,527,405	\$ 9,889,155
Weighted average number of ordinary share outstanding – basic and diluted	30,099,569	30,751,424	41,000,000
Earnings per share – basic and diluted	\$ 1.14	\$ 1.09	\$ 0.24
Weighted average number of ordinary share outstanding – diluted	30,333,876	30,751,424	41,000,000
Earnings per share – diluted	\$ 1.13	\$ 1.09	\$ 0.24

Pursuant to ASC 260, Earnings Per Share, the Company has retroactively restated all shares and per share data for all periods presented. For the years ended December 31, 2025 and 2024, For the year ended December 31, 2025 and 2024, the outstanding warrants, including Public Warrants, Private Warrants, Other Warrants and AMI Warrants, were excluded from the calculation of diluted net earnings per ordinary share, as their inclusion would have been anti-dilutive for the periods prescribed. The weighted-average number of potentially anti-dilutive shares excluded from calculation of dilutive earnings per share are as follows:

	For the Year Ended December 31,	
	2025	2024
Public Warrants	4,600,000	4,600,000
Private Warrants	212,240	212,240
Other Warrants	157,767	157,767
AMI Warrants	42,192	—

Total	5,012,199	4,970,007
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TOYO Co., Ltd
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

18. COMMITMENTS AND CONTINGENCIES

Legal proceeding

On December 6, 2024, Shanghai Jinko Green Energy Enterprise Management Co, Ltd and Zhejiang Jinko Solar Co., Ltd. (collectively “JINKO”) filed a patent infringement lawsuit with the United States District Court for the Northern District of California (“CA Case”), against Abalance Corporation, the Company’s ultimate shareholder, and its seven subsidiaries, including the Company. JINKO alleged that VSUN’s solar panel products (including TOPCON N-type solar panels) allegedly utilize JINKO’s patented technologies without authorization. JINKO asserts that the lawsuit was filed to recover damages for both past and future losses resulting from VSUN’s alleged patent infringement. Defendants Abalance Corporation, WWB Corporation, and Fuji Solar filed a motion to dismiss the Complaint for lack of personal jurisdiction and failure to state a claim on April 16, 2025. On July 24, 2025, the Court held a hearing on WWB Corporation’s motion to dismiss. The Court granted WWB Corporation’s motion to dismiss on July 28, 2025. Defendants Abalance Corporation and Fuji Solar were dismissed on August 8, 2025. The Court has set a *Markman* hearing for February 3, 2026. No trial date has been set.

On February 7, 2025, Shanghai Jinko Green Energy Enterprise Management Co., Ltd. *et. al.* brought a patent infringement claim against Waaree Solar Americas Inc. *et. al.* in the Southern District of Texas (“TX Case”). On July 11, 2025, TOYO Solar, Toyo America, and SinCo, filed a motion to intervene in the lawsuit as intervenors-defendants because a portion of the products subject to the litigation were produced by the Company. The Court granted the motion on July 16, 2025. The Court set a Markman hearing for February 2, 2026, and a trial in February or March 2027.

Abalance Corporation and its subsidiaries remain committed to respecting intellectual property rights and has engaged with a specialized U.S. patent law firm to provide counsel on this matter. Abalance Corporation and its subsidiaries are thoroughly examining the plaintiff’s claims and demands while vigorously defending and asserting the legitimacy of the Company’s position in this litigation. Both cases are on a similar schedule, and the asserted patent in the TX Case is the same as the CA Case. No damages positions have been taken by any party in either case. It is difficult to anticipate the potential impact of the lawsuits on the Company’s consolidated financial results.

Pursuant to a certain settlement and release agreement between JINKO and TOYO dated December 30, 2025, on January 30, 2026, the CA Case was dismissed pursuant to a joint stipulation of dismissal of JINKO and VSUN, VSun Bac Ninh, VSun USA, TOYO, TOYO Solar, TOYO Texas, and TOYO Ethiopia. In addition, on February 20, 2026, the TX Case was dismissed with respect to TOYO Solar, TOYO America, SinCo pursuant to the parties' joint stipulation. Regardless of outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources and other factors.

On March 26, 2026, the U.S. International Trade Commission (the “USITC”) instituted an investigation pursuant to Section 337 of the Tariff Act of 1930. The investigation is based on a complaint filed by First Solar, Inc. (“First Solar”) on February 24, 2026, as supplemented on March 10, 2026, alleging that certain respondents, including TOYO, TOYO Texas and VSun USA of Fremont, violated Section 337 by importing into the United States certain TOPCon solar cells, modules, panels, components thereof, and products containing the same (the “TOPCon products”), that allegedly infringe one or more U.S. patents asserted by First Solar. First Solar has requested that the USITC issue a general exclusion order that would bar the TopCon products from entry into the United States, or in the alternative a limited exclusion order, as well as cease and desist orders against the respondents. The USITC will set a target date for completion of the investigation within 45 days after commencement of the investigation. As of the date of issuance of the annual report, USITC has not made any determination on the merits of the allegations, and the Company’s products continue to be imported and sold in the United States in the ordinary course. As of the date of issuance of the annual report, the Company are unable to predict the outcome of the investigation or whether any remedial orders will be issued and will evaluate the potential impact of this matter as the investigation progresses.

Capital commitments

As of December 31, 2025, the Company entered into certain construction agreements with vendors to build its plant in Vietnam, Texas, and Ethiopia. Future minimum capital payment under non-cancellable agreements are as follows:

	Minimum capital payments
For the twelve months ending December 31, 2026	\$ 58,163,500
For the twelve months ending December 31, 2027 and thereafter	1,404,500
Total	\$ 59,568,000

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18. COMMITMENTS AND CONTINGENCIES (cont.)

Contingent consideration

On February 23, 2024, the Company issued 41,000,000 shares of ordinary shares, at par value of \$0.0001 per share, to all existing shareholders on a pro rata basis. Among the 41,000,000 shares of ordinary shares, an aggregate of 13,000,000 shares of ordinary shares were deposited with an escrow agent in a segregated escrow account pursuant to an escrow agreement effective upon the closing of Business Combination (Note 1).

The 13,000,000 ordinary shares are determined as contingent consideration in connection with the reverse recapitalization. The number of ordinary shares released from the 13,000,000 ordinary shares depends on the ratio of actual 2024 Audited Net Profit, excluding changes in fair value of Earnout Shares, of PubCo for the fiscal year ending December 31, 2024 as shown on the audited financial statements of PubCo for the fiscal year ending December 31, 2024, to the benchmark amount of \$41 million, which precluded from the equity classification under ASC 815. The contingent consideration is classified as a liability, with subsequent changes in fair value charged to the consolidated statements of operations and comprehensive income.

The fair value of Earnout Shares was determined using a Monte Carlo simulation model. This approach considered (i) the share price on July 1, 2024 and December 31, 2024, (ii) the discount for lack of marketability (“DLOM”). According to the agreement, the share consideration to be issued to the existing equity holders in the business combination will be subject to a lock-up. The lock-up will be staggered, with 50% locked up for 18 months, 30% locked up for 12 months, and 20% lock-up for 6 months and (iii) expected ratio of actual 2024 Audited Net Profit.

The following table summarizes the assumptions used in estimating the fair value of the Earnout Shares on July 1, 2024 and December 31, 2024.

	December 31, 2024	July 1, 2024
Stock price	\$ 3.38	\$ 4.24
Expected volatility (%)	46.89% - 55.37%	40.60% - 46.94%
Expected terms (in years)	0.5 – 1.5	0.5 – 1.5
Expected dividends (%)	0%	0%

The fair value of contingent consideration on July 1, 2024 and December 31, 2024 was estimated at \$39,717,000 and \$4,617,000, respectively. For the year ended December 31, 2024, the Company recognized a decrease in fair value of \$35,100,000 in the consolidated statements of operations and comprehensive income.

On May 14, 2025, based on the 2024 Audited Net Profit which was reported in the Form 20-F, which excludes changes in the fair value of Earnout Shares, the Company released an aggregate of 1,712,297 Earnout Shares, which were fully vested, from the Earnout Escrow Account, and cancelled the remaining 11,287,703 Earnout Shares. On May 14, 2025, the fair value of the 1,712,297 Earnout Shares was \$5,958,794, by reference to closing per share market price of \$3.48 prevailing on May 14, 2025. For the year ended December 31, 2025, the Company recognized an increase in fair value of \$1,341,794 in the consolidated statements of operations and comprehensive income. As of December 31, 2025, the Company had no outstanding balance of contingent consideration payable.

19. SUBSEQUENT EVENTS

In February 2026, the Company renewed the revolving bank credit facility with BIDV, under which the Company can draw-down up to \$30,000,000 by February 28, 2027. Each loan is repayable in five months.

For the period from January 1, 2026 through the date of this report, the Company repaid borrowings of \$11.0 million to VSUN USA. As of the date of this report, the Company has fully repaid the borrowings due to VSUN USA.

DESCRIPTION OF SECURITIES

The ordinary shares, par value \$0.0001 per share (“Ordinary Shares”) of TOYO Co., Ltd, a Cayman Islands exempted company (the “Company” or “TOYO”) are listed on Nasdaq and the warrants of the Company (“Warrants”) are listed on OTC Markets and are registered under Section 12(b) of the Exchange Act. Setting forth below is a description of the rights of the holders of Ordinary Shares and Warrants.

Description of Ordinary Shares

General

Holders of Ordinary Shares are entitled to one vote for each share held of record on all matters to be voted on by shareholders. Except as disclosed otherwise in this prospectus, none of the holders of Ordinary Shares have different voting rights from the other holders.

Dividends

Subject to the foregoing, the payment of cash dividends in the future, if any, will be at the discretion of Our board of directors and will depend upon such factors as earnings levels, capital requirements, contractual restrictions, Our overall financial condition, available distributable reserves and any other factors deemed relevant by our board of directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in us being unable to pay its debts as they fall due in the ordinary course of its business.

Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our board of directors may deem relevant. In addition, we are a holding company and depends on the receipt of dividends and other distributions from its subsidiaries to pay dividends on Ordinary Shares. When making recommendations on the timing, amount and form of future dividends, if any, our board of directors will consider, among other things:

- our results of operations and cash flow;
- our expected financial performance and working capital needs;
- our future prospects;
- our capital expenditures and other investment plans
- other investment and growth plans;
- dividend yields of comparable companies globally;
- restrictions on payment of dividend that may be imposed on us by financing arrangements; and
- the general economic and business conditions and other factors deemed relevant by our board of directors and statutory restrictions on the payment of dividends.

Liquidation

On the winding up of TOYO, if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of winding up, the surplus shall be distributed amongst our shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to us for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay the whole of the share capital, the assets will be distributed so that the losses are borne by our shareholders in proportion to the par value of the shares held by them.

General Meetings of Shareholders

As a Cayman Islands exempted company, we are not obliged by law to call shareholders' annual general meetings. We, however, are required hold an annual shareholders' meeting during each fiscal year, as required by the Nasdaq listing standards, unless we otherwise choose to exempt from such requirement. At least seven (7) calendar days' notice shall be given for any general meeting. Our board of directors or the chairman of the board may call general meetings, and must convene an extraordinary general meeting upon the requisition of shareholders holding at the date of deposit of the requisition shares which carry in aggregate not less than one-third (1/3) of all votes attaching to all the issued and outstanding shares that as at the date of the deposit carry the right to vote at our general meetings. One or more shareholders holding shares which carry in aggregate (or representing by proxy) not less than one-third (1/3) of all votes attaching to all shares in issue and entitled to vote at such general meeting present in person or by proxy and entitled to vote will be a quorum for all purposes.

Transfers of Shares

Subject to the restrictions set out below, any of our shareholders may transfer all or any of his or her Ordinary Shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and
- a fee of such maximum sum as the Nasdaq Global Market may determine to be payable, or such lesser sum as our board of directors may from time to time require is paid to us in respect thereof.

The registration of transfers may, after compliance with any notice required of the Nasdaq Global Market, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided always that the registration of transfers shall not be suspended nor the register closed for more than thirty (30) calendar days in any calendar year.

If our directors refuse to register a transfer, they shall, within three calendar months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

Calls on Shares and Forfeiture of Shares

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their Ordinary Shares. Any Ordinary Shares that have been called upon and remain unpaid are, after a notice period, subject to forfeiture.

Redemption and Repurchase of Shares

Subject to the provisions of the Cayman Companies Act, we may issue shares that are to be redeemed or are liable to be redeemed at the option of the shareholder or us. The redemption of such shares will be effected in such manner and upon such other terms as our directors determine before the issue of the shares. We may also purchase its own shares (including any redeemable shares) on such terms and in such manner and terms have been approved by our board or by our shareholders by an ordinary resolution, or are otherwise authorised by our amended and restated memorandum and articles of association.

Warrants

Each Warrant entitles its holder to purchase one Ordinary Share at \$11.50 per share, subject to certain adjustments. The Warrants became exercisable on July 31, 2024, 30 days after the date of the Warrant Assumption Agreement, and will terminate on the earlier to occur of (i) five years from the date of the Warrant Assumption Agreement and (ii) 5:00 p.m., New York City time on the Redemption Date (as defined in the Warrant Assumption Agreement).

If our management has elected to force all holders of the Warrants to exercise the Warrants on a cashless basis in the event of redemption pursuant to the Warrant Assumption Agreement, such holders would pay the exercise price by surrendering its Warrants for that number of Ordinary Shares equal to the quotient obtained by dividing (x) the product of the number of Ordinary Shares underlying the Warrants, multiplied by the difference between the “fair market value” (defined below) and the exercise price of the Warrants by (y) the fair market value. The term “fair market value” is defined as the average reported last sale price of the Ordinary Shares for the ten (10) trading days ending on the third trading day prior to the date on which the notice of redemption is sent to holders of the Warrants pursuant to the Warrant Assumption Agreement.

Certain Differences in Corporate Law

Cayman Islands companies are governed by the Cayman Companies Act. The Cayman Companies Act is modelled on English Law but does not follow recent English Law statutory enactments, and differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the material differences between the provisions of the Cayman Companies Act applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements

In certain circumstances, the Cayman Companies Act allows for mergers or consolidations between two Cayman Islands companies, or between a Cayman Islands exempted company and a company incorporated in another jurisdiction (*provided* that is facilitated by the laws of that other jurisdiction).

Where the merger or consolidation is between two Cayman Islands companies, the directors of each company must approve a written plan of merger or consolidation containing certain prescribed information. That plan or merger or consolidation must then be authorized by either (i) a special resolution (usually a majority of not less than two thirds of the voting shares voted at a general meeting or a unanimous written resolution of all of the shareholders entitled to vote at a general meeting of the relevant company) of the shareholders of each company; and (ii) such other authorization, if any, as may be specified in such constituent company’s articles of association. No shareholder resolution is required for a merger between a parent company (i.e., a company that holds issued shares that together represent at least 90% of the votes at a general meeting of its subsidiary) and its subsidiary company where the parent and subsidiary company are both incorporated under the Cayman Companies Act.

The consent of each holder of a fixed or floating security interest of a constituent company must be obtained, unless the court waives such requirement. If the Registrar of Companies of the Cayman Islands is satisfied that the requirements of the Cayman Companies Act (which includes certain other formalities) have been complied with, the Registrar of Companies of the Cayman Islands will register the plan of merger or consolidation.

Where the merger or consolidation involves a foreign company, the procedure is similar, save that with respect to the foreign company, the directors of the Cayman Islands exempted company are required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the merger or consolidation is permitted or not prohibited by the constitutional documents of the foreign company and by the laws of the jurisdiction in which the foreign company is incorporated, and that those laws and any requirements of those constitutional documents have been or will be complied with; (ii) that no petition or other similar proceeding has been filed and remains outstanding or order made or resolution adopted to wind up or liquidate the foreign company in any jurisdictions; (iii) that no receiver, trustee, administrator or other similar person has been appointed in any jurisdiction and is acting in respect of the foreign company, its affairs or its property or any part thereof; and (iv) that no scheme, order, compromise or other similar arrangement has been entered into or made in any jurisdiction whereby the rights of creditors of the foreign company are and continue to be suspended or restricted.

Where the surviving company is the Cayman Islands exempted company, the directors of the Cayman Islands exempted company are further required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the foreign company is able to pay its debts as they fall due and that the merger or consolidation is bona fide and not intended to defraud unsecured creditors of the foreign company; (ii) that in respect of the transfer of any security interest granted by the foreign company to the surviving or consolidated company (a) consent or approval to the transfer has been obtained, released or waived; (b) the transfer is permitted by and has been approved in accordance with the constitutional documents of the foreign company; and (c) the laws of the jurisdiction of the foreign company with respect to the transfer have been or will be complied with; (iii) that the foreign company will, upon the merger or consolidation becoming effective, cease to be incorporated, registered or exist under the laws of the relevant foreign jurisdiction; and (iv) that there is no other reason why it would be against the public interest to permit the merger or consolidation.

Where the above procedures are adopted, the Cayman Companies Act provides for a right of dissenting shareholders to be paid a payment of the fair value of their shares upon their dissenting to the merger or consolidation if they follow a prescribed procedure. In essence, that procedure is as follows: (i) the shareholder must give his written objection to the merger or consolidation to the constituent company before the vote on the merger or consolidation, including a statement that the shareholder proposes to demand payment for his shares if the merger or consolidation is authorized by the vote; (ii) within 20 days following the date on which the merger or consolidation is approved by the shareholders, the constituent company must give written notice to each shareholder who made a written objection; (iii) a shareholder must within 20 days following receipt of such notice from the constituent company, give the constituent company a written notice of his intention to dissent including, among other details, a demand for payment of the fair value of his shares; (iv) within seven days following the date of the expiration of the period set out in paragraph (iii) above or seven days following the date on which the plan of merger or consolidation is filed, whichever is later, the constituent company, the surviving company or the consolidated company must make a written offer to each dissenting shareholder to purchase his shares at a price that the company determines is the fair value and if the company and the shareholder agree the price within 30 days following the date on which the offer was made, the company must pay the shareholder such amount; and (v) if the company and the shareholder fail to agree a price within such 30 day period, within 20 days following the date on which such 30 day period expires, the company must (and any dissenting shareholder may) file a petition with the Cayman Islands Grand Court to determine the fair value and such petition must be accompanied by a list of the names and addresses of the dissenting shareholders with whom agreements as to the fair value of their shares have not been reached by the company. At the hearing of that petition, the court has the power to determine the fair value of the shares together with a fair rate of interest, if any, to be paid by the company upon the amount determined to be the fair value. Any dissenting shareholder whose name appears on the list filed by the company may participate fully in all proceedings until the determination of fair value is reached. These rights of a dissenting shareholder are not available in certain circumstances, for example, to dissenters holding shares of any class in respect of which an open market exists on a recognized stock exchange or recognized interdealer quotation system at the relevant date or where the consideration for such shares to be contributed are shares of any company listed on a national securities exchange or shares of the surviving or consolidated company.

Moreover, Cayman Islands law has separate statutory provisions that facilitate the reconstruction or amalgamation of companies in certain circumstances, by way of schemes of arrangement, which will generally be more suited for complex mergers or other transactions involving widely held companies, commonly referred to in the Cayman Islands as a “scheme of arrangement” which may be tantamount to a merger. In the event that a merger was sought pursuant to a scheme of arrangement (the procedures for which are more rigorous and take longer to complete than the procedures typically required to consummate a merger in the United States), the arrangement in question must be approved by (i) 75% in value of the members or class of members or (ii) a majority in number representing 75% in value of the creditors or class of creditors, in each case depending on the circumstances, as are present at a meeting called for such purpose. The convening of the meetings and subsequently the terms of the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder would have the right to express to the court the view that the transaction should not be approved, the court can be expected to approve the arrangement if it satisfies itself that:

- the company is not proposing to act illegally or beyond the scope of its corporate authority and the statutory provisions as to majority vote have been complied with;
- the shareholders have been fairly represented at the meeting in question;
- the arrangement is such as a businessman would reasonably approve; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Cayman Companies Act or that would amount to a “fraud on the minority.”

If a scheme of arrangement or takeover offer (as described below) is approved, any dissenting shareholder would have no rights comparable to appraisal rights (providing rights to receive payment in cash for the judicially determined value of the shares), which would otherwise ordinarily be available to dissenting shareholders of United States corporations.

Squeeze-out Provisions

When a takeover offer is made and accepted by holders of 90% of the shares to whom the offer relates within four months, the offeror may, within a two-month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands, but this is unlikely to succeed unless there is evidence of fraud, bad faith, collusion or inequitable treatment of the shareholders.

Further, transactions similar to a merger, reconstruction and/or an amalgamation may in some circumstances be achieved through means other than these statutory provisions, such as a share capital exchange, asset acquisition or control, or through contractual arrangements of an operating business.

Shareholders Suits

Derivative actions have been brought in the Cayman Islands courts, and the Cayman Islands courts have confirmed the availability for such actions. In most cases, we will be the proper plaintiff in any claim based on a breach of duty owed to us, and a claim against (for example) our officers or directors usually may not be brought by a shareholder. However, based both on Cayman Islands authorities and on English authorities, which would in all likelihood be of persuasive authority and be applied by a court in the Cayman Islands, exceptions to the foregoing principle apply in circumstances in which:

- a company is acting, or proposing to act, illegally or beyond the scope of its authority;
- the act complained of, although not beyond the scope of the authority, could be effected if duly authorized by more than the number of votes which have actually been obtained; or
- those who control the company are perpetrating a “fraud on the minority.”

A shareholder may have a direct right of action against us where the individual rights of that shareholder have been infringed or are about to be infringed.

Special Considerations for Exempted Companies

We are an exempted company with limited liability under the Cayman Companies Act. The Cayman Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except for the exemptions and privileges listed below:

- an exempted company (other than an exempted company holding a license to carry on business in the Cayman Islands) does not have to file an annual return of its shareholders with the Registrar of Companies of the Cayman Islands;
- an exempted company’s register of members is not open to inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may issue shares with no par value;
- an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);

- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and
- an exempted company may register as a segregated portfolio company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

Indemnification of Directors and Executive Officers and Limitation of Liability

Cayman Islands law does not limit the extent to which a company’s articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our amended and restated memorandum and articles of association provide that we shall indemnify each existing or former secretary, director (including alternate director), and other officer of TOYO (including an investment adviser or an administrator or liquidator) and their personal representatives against: (a) all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by the existing or former secretary or officer in or about the conduct of TOYO’s business or affairs or in the execution or discharge of the existing or former secretary’s or officer’s duties, powers, authorities or discretions; and (b) without limitation to paragraph (a), all costs, expenses, losses or liabilities incurred by the existing or former secretary or officer in defending (whether successfully or otherwise) any civil, criminal, administrative or investigative proceedings (whether threatened, pending or completed) concerning TOYO or its affairs in any court or tribunal, whether in the Cayman Islands or elsewhere. No such existing or former secretary or officer, however, shall be indemnified in respect of any matter arising out of his own actual fraud, willful default or willful neglect. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, We intend to enter into indemnification agreements with our directors and senior executive officers that will provide such persons with additional indemnification beyond that provided in the amended and restated memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Anti-Takeover Provisions

Some provisions of our amended and restated memorandum and articles of association may discourage, delay or prevent a change of control of us or management that shareholders may consider favorable, including provisions that limit the ability of shareholders to requisition and convene general meetings of shareholders.

Such provisions could be applied to delay or prevent a change in control of us or make removal of management more difficult. This may cause the price of Ordinary Shares to fall.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our amended and restated memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the best interests of us.

Directors’ Fiduciary Duties

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself or herself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he or she reasonably believes to be in the best interests of the corporation. A director must not use his or her corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

Under Cayman Islands law, directors and officers owe the following fiduciary duties:

- duty to act in good faith in what the director or officer believes to be in the best interests of the company as a whole;
- duty to exercise powers for the purposes for which those powers were conferred and not for a collateral purpose;
- directors should not improperly fetter the exercise of future discretion;
- duty to exercise powers fairly as between different sections of shareholders;
- duty not to put themselves in a position in which there is a conflict between their duty to the company and their personal interests; and
- duty to exercise independent judgment.

In addition to the above, directors also owe a duty of care which is not fiduciary in nature. This duty has been defined as a requirement to act as a reasonably diligent person having both the general knowledge, skill and experience that may reasonably be expected of a person carrying out the same functions as are carried out by that director in relation to the company and the general knowledge skill and experience of that director.

As set out above, directors have a duty not to put themselves in a position of conflict and this includes a duty not to engage in self-dealing, or to otherwise benefit as a result of their position. However, in some instances what would otherwise be a breach of this duty can be forgiven and/or authorized in advance by the shareholders provided that there is full disclosure by the directors. This can be done by way of permission granted in the amended and restated memorandum and articles of association or alternatively by shareholder approval at general meetings.

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Our amended and restated memorandum and articles of association provides that shareholders may approve corporate matters by way of a written resolution signed by or on behalf of all shareholders who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. An extraordinary general meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling extraordinary general meetings.

The Cayman Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our amended and restated memorandum and articles of association permits our shareholders together holding one-third (1/3) of all votes attaching to all the issued and outstanding shares that as at the date of the deposit carry the right to vote at our general meetings to requisition a general meeting. As a Cayman Islands exempted company, we are not obliged by law to call shareholders' annual general meetings. We, however, are required to hold an annual shareholders' meeting during each fiscal year, as required by the Nasdaq listing standards, unless otherwise exempted.

Matters Requiring Shareholder Approval

A special resolution, requiring not less than a two-thirds vote (or a unanimous written resolution), is required to:

- amend the Company's amended and restated memorandum and articles of association;
- register the Company by way of continuation in a jurisdiction outside the Cayman Islands;
- merge or consolidate the Company by way of a Cayman Islands statutory merger or consolidation;
- reduce our share capital or any capital redemption reserve in any manner authorized by law; or
- change our name;

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. As permitted under Cayman Islands law, our amended and restated memorandum and articles of association does not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Transactions with Interested Shareholders

The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute under its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either a business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding Up

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Under our amended and restated memorandum and articles of association, if we are wound up, the liquidator of the Company may distribute the assets with the sanction of a special resolution of the shareholders and any other sanction required by law.

Variation of Rights of Shares

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise.

Under our amended and restated memorandum and articles of association, if our share capital is divided into different classes (and as otherwise determined by the directors in accordance with our amended and restated memorandum and articles of association), the variation in the relative rights as between the different classes may be fixed and determined by the directors or by an ordinary resolution of the shareholders.

Amendment of Governing Documents

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote on the matter, unless the certificate of incorporation provides otherwise. As permitted by Cayman Islands law, our amended and restated memorandum and articles of association may only be amended by a special resolution of the shareholders.

Rights of Non-Resident or Foreign Shareholders

There are no limitations imposed by our amended and restated memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our amended and restated memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

Directors' Power to Issue Shares

Subject to applicable law, our board of directors is empowered to issue or allot shares or grant options and warrants with or without preferred, deferred, or other rights or restrictions.

Inspection of Books

Under the Delaware General Corporation Law, any shareholder of a corporation may for any proper purpose inspect or make copies of the corporation's stock ledger, list of shareholders and other books and records.

Holders of our shares have no general right under Cayman Islands law to inspect or obtain copies of our register of members or our corporate records (other than our memorandum and articles of association, as amended and restated from time to time, and its register of mortgages and charges).

Changes in Capital

We may from time to time by ordinary resolution:

- increase the share capital by new shares of such amount as it thinks expedient;
- consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
- subdivide its shares, or any of them, into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; and
- cancel any shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any Person and diminish the amount of its share capital by the amount of the share so canceled.

List of Principal Subsidiaries

Name of Subsidiaries	Jurisdiction of Incorporation
TOPTOYO INVESTMENT PTE. LTD.	Singapore
TOYO Solar Company Limited	Vietnam
TOYO Holdings LLC	Delaware, U.S.
TOYO America LLC	Delaware, U.S.
TOYO Solar LLC	Delaware, U.S.
TOYO Solar Texas LLC	Texas, U.S.
TOYO SOLAR (SINGAPORE) PTD. LTD	Singapore
TOYO SOLAR MANUFACTURING ONE MEMBER PRIVATE LIMITED COMPANY	Ethiopia
TOYO CHINA CO., LTD.	China
TOYO ENERGY LLC	Delaware, U.S.
TOYO SOLAR CLEAN ENERGY COMPANY LIMITED	Vietnam

Certification
Pursuant to Rule 13a-14(a) of the Exchange Act

I, Takahiko Onozuka, certify that:

1. I have reviewed this annual report on Form 20-F of TOYO Co., Ltd;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 31, 2026

By: /s/ Takahiko Onozuka
Name: Takahiko Onozuka
Title: Chief Executive Officer
(Principal Executive Officer)

Certification
Pursuant to Rule 13a-14(a) of the Exchange Act

I, Taewoo Chung, certify that:

1. I have reviewed this annual report on Form 20-F of TOYO Co., Ltd;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 31, 2026

By: /s/ Taewoo Chung
Name: Taewoo Chung
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

Certification
Pursuant to 18 U.S.C. Section 1350

Pursuant to U.S.C. Section 1350 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each of the undersigned officers of TOYO Co., Ltd (the “Company”), does hereby certify, to such officer’s knowledge, that the Annual Report on Form 20-F for the year ended December 31, 2025 of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 31, 2026

By: /s/ Takahiko Onozuka
Name: Takahiko Onozuka
Title: Chief Executive Officer
(Principal Executive Officer)

Date: March 31, 2026

By: /s/ Taewoo Chung
Name: Taewoo Chung
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)



Independent Registered Public Accounting Firm's Consent

We consent to the incorporation by reference in the Registration Statements on Form F-3 (No. 333-290952) and Form S-8 (No. 333-284642) of our report dated March 31, 2026 relating to the consolidated financial statements of TOYO Co., Ltd appearing in this Annual Report on Form 20-F for the year ended December 31, 2025.

/s/ Marcum Asia CPAs LLP

New York, NY
March 31, 2026