

Stock Code:6506

Shuang-Bang Industrial Corporation

**Parent Company Only Financial Statements
With Independent Auditors' Report
For the Years Ended
December 31, 2025, and 2024**

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Independent Auditors' Report

To the Board of Directors of Shuang-Bang Industrial Corporation.

Opinion

We have audited the accompanying parent company only balance sheets of Shuang-Bang Industrial Corporation. (the "Company") as of December 31, 2025, and 2024, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2025, and 2024, and the notes to the parent company only financial statements, (including a summary of significant accounting policies).

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the parent company as of December 31, 2025, and 2024, and its financial performance and cash flows ended December 31, 2025, and 2024, in accordance with requirements of the Regulations Governing the Preparations of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of Shuang-Bang Industrial Corporation in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

Key audit matter for the Company's parent company only financial statements for the year ended December 31, 2025, are stated as follows:

Allowance for losses on Accounts Receivable

The management's judgment on the recognition of allowance for losses on accounts receivable is based on the evaluation of both internal and external information, as such, it was one of the key audit matters for our audit. Therefore, our principal audit procedures included testing the effectiveness of controls related to accounts receivable, obtaining the ledgers and records, selecting samples for obtaining confirmation letters; obtaining aging analysis of accounts receivable and verifying the accuracy of relevant documents and the aging intervals, reviewing the provision for bad debts on the ledger to ensure that it is provided based on the loss rate, and evaluating whether management's recognition of impairment losses on accounts receivable is correct.

Please refer to Note 4 “Summary of significant accounting policies—Accounts receivables”, Note 6(3) in notes to the parent company only financial statements for.

Valuation of inventories

Inventories are stated at the lower cost and net realizable value. However, the rapid evolution of technology and the fluctuation of the market may lead to obsolescence and render products unmarketable. As inventory must be measured at the lower cost and net realizable value, management must assess the amount of inventory on the balance sheet date that is impaired due to normal wear and tear, obsolescence or lack of market sales value, and write down the inventory costs to net realizable value. The inventory valuation is mainly based on past experience and estimated future product demand. Therefore, the auditor pays particular attention to whether the company complies with International Accounting Standards 2 (IAS2) in measuring inventory at a lower cost and net realizable value and whether management's provision for inventory write-downs is reasonable.

The audit procedures performed by the auditor include:

1. Testing the age of inventory on the balance sheet date and comparing the provision for inventory obsolescence with the previous year, analyzing the reasons for differences, and checking the relevant data used to calculate the provision for inventory write-downs, and comparing the historical provision with the actual offsetting differences.
2. On a sample basis, comparing the latest actual selling price of inventory at the end of the period with its book value to ensure whether the inventory has been evaluated at the lower cost and net realizable value.
3. Comparing the ending inventory balance on the end of the year with the inventory details for the current year to verify the existence and completeness of inventory in the end of the year. By observing annual physical counts of goods, the auditors assess the reasonableness of the amount of allowance for inventory write-down.

Please refer to Note 4 “Summary of significant accounting policies—Inventories”, Note 6(4) in notes to the parent company only financial statements.

Responsibilities of Management and Those Charged with Governance for the Parent company only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent company only Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material mistake resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the directions, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and

other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2025, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Jim Chen Ko and Lin Hui Fen.

Weyong International CPAs&Co.

Taichung, Taiwan (Republic of China)

March 10, 2026

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

Shuang-Bang Industrial Corporation
Parent-company-only Balance Sheets
(In thousands of New Taiwan Dollars)
December 31, 2025, and 2024

Codes	Assets	Notes	December 31, 2025		December 31, 2024	
			Amount	%	Amount	%
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 64,978	2.65	\$ 89,426	3.63
1137	Financial assets at amortized cost -current	6(2)	900	0.04	900	0.04
1150	Notes receivables, net	6(3)	51,662	2.10	52,676	2.14
1152	Other notes receivables	6(3)	44	-	532	0.02
1160	Notes receivables from related parties, net	6(3), 7	4,190	0.17	4,991	0.20
1170	Accounts receivables, net	6(3)	321,578	13.09	335,487	13.63
1180	Accounts receivables from related parties, net	6(3), 7	25,921	1.05	38,680	1.57
1200	Other receivables		621	0.02	243	0.01
1220	Current tax assets		10,956	0.45	10,956	0.44
130X	Inventories	6(4)	274,805	11.19	255,508	10.38
1470	Other current assets		14,193	0.58	16,914	0.69
11XX	Total current assets		<u>769,848</u>	<u>31.34</u>	<u>806,313</u>	<u>32.75</u>
Noncurrent Assets						
1510	Financial assets at fair value through profit or loss -non-current	6(5)	28,995	1.18	26,472	1.08
1550	Investments accounted for using equity method	6(6)	22,197	0.90	14,071	0.57
1600	Property, plant and equipment	6(7)	1,567,674	63.82	1,444,733	58.68
1755	Right-of-use assets	6(8)	5,755	0.24	6,242	0.25
1780	Intangible assets	6(9)	1,808	0.07	3,064	0.12
1840	Deferred income tax assets	6(22)3	28,506	1.16	26,636	1.08
1900	Other noncurrent assets	6(10), 7	31,732	1.29	134,699	5.47
15XX	Total noncurrent assets		<u>1,686,667</u>	<u>68.66</u>	<u>1,655,917</u>	<u>67.25</u>
1XXX	Total assets		<u>\$ 2,456,515</u>	<u>100.00</u>	<u>\$ 2,462,230</u>	<u>100.00</u>

(Continued)

Shuang-Bang Industrial Corporation
Parent-company-only Balance Sheets
(In thousands of New Taiwan Dollars)
December 31, 2025, and 2024

Codes	Liabilities and Equity	Notes	December 31, 2025		December 31, 2024	
			Amount	%	Amount	%
	Current Liabilities					
2100	Short-term loans	6(11)	\$ 174,595	7.11	\$ 121,938	4.95
2151	Notes payables	6(12)	37	-	665	0.03
2152	Other notes payables	6(12)	3,603	0.15	14,975	0.61
2170	Accounts payables	6(12)	175,738	7.15	182,550	7.41
2180	Accounts payables from related parties	6(12),7	-	-	2,558	0.10
2200	Other accounts payables	6(13)	101,250	4.12	96,663	3.93
2220	Other accounts payables from related parties	6(13),7	49	-	26	-
2230	Current tax liabilities		7,878	0.32	-	-
2250	Current provisions	6(14)	8,705	0.36	10,458	0.43
2281	Lease liabilities from third parties	6(8)	2,002	0.08	2,266	0.09
2282	Lease liabilities from related parties	6(8), 7	-	-	1,095	0.04
2300	Other current liabilities	6(15)	6,858	0.28	7,909	0.32
2322	Current portion of long-term loans	6(16)	114,306	4.65	106,306	4.32
21XX	Total current Liabilities		<u>595,021</u>	<u>24.22</u>	<u>547,409</u>	<u>22.23</u>
	Noncurrent Liabilities					
2540	Long-term loans	6(16)	556,412	22.65	633,385	25.72
2570	Deferred income tax payable	6(22)3	9,231	0.38	5,330	0.22
2581	Lease liabilities from third parties-non current	6(8)	3,611	0.15	2,766	0.11
2630	Long-term deferred revenue		-	-	511	0.02
2640	Net defined benefit liability -non current	6(18)	19,645	0.80	18,618	0.76
2645	Guarantee deposits		793	0.03	793	0.03
25XX	Total noncurrent liabilities		<u>589,692</u>	<u>24.01</u>	<u>661,403</u>	<u>26.86</u>
2XXX	Total Liabilities		<u>1,184,713</u>	<u>48.23</u>	<u>1,208,812</u>	<u>49.09</u>
	Equity Attributable to Shareholders of the Parent					
3100	Capital Stock	6(19)1				
3110	Common stock		823,608	33.53	823,608	33.45
3200	Capital surplus	6(19)2	10,615	0.43	10,586	0.43
3300	Retained earnings					
3310	Appropriated as legal capital reserve		175,430	7.14	169,093	6.87
3350	Unappropriated earnings	6(19)3	262,149	10.67	250,131	10.16
3XXX	Total Equity		<u>1,271,802</u>	<u>51.77</u>	<u>1,253,418</u>	<u>50.91</u>
	Total Liabilities and Equity		<u>\$ 2,456,515</u>	<u>100.00</u>	<u>\$ 2,462,230</u>	<u>100.00</u>

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

Shuang-Bang Industrial Corporation
Parent-company-only Statements of Comprehensive Income
For the years ended December 31, 2025, and 2024
(In thousands of New Taiwan Dollars, except for earnings per share)

Codes	Items	Notes	2025		2024	
			Amount	%	Amount	%
4000	Operating revenues	6(20), 7	\$ 1,769,484	100.00	\$ 1,786,310	100.00
5000	Cost of revenues	7	(1,500,555)	(84.80)	(1,498,507)	(83.89)
5900	Gross profit		268,929	15.20	287,803	16.11
5910	Unrealized gain on sales		(3,408)	(0.19)	(1,593)	(0.09)
5920	Realized gain on sales		3,386	0.19	1,390	0.08
5950	Net gross profit		268,907	15.20	287,600	16.10
	Operating expenses					
6100	Sales and marketing	7	(67,889)	(3.84)	(71,035)	(3.98)
6200	General and administrative	7	(70,458)	(3.98)	(70,317)	(3.94)
6300	Research and development		(27,245)	(1.54)	(33,717)	(1.89)
6450	Expected credit gain		504	0.03	5,455	0.31
6000	Total operating expenses		(165,088)	(9.33)	(169,614)	(9.50)
6900	Operating income		103,819	5.87	117,986	6.60
	Non-operating income and expenses					
7010	Other income	6(21)1、7	10,070	0.57	16,745	0.94
7020	Other gains and loss	6(21)2	(9,294)	(0.52)	(5,928)	(0.33)
7050	Finance costs	6(21)4, 7	(16,549)	(0.94)	(15,456)	(0.87)
7070	Share of profit or loss of subsidiaries accounted for under the equity method	6(6)	8,189	0.46	(49,937)	(2.80)
7100	Interest income		649	0.04	871	0.05
7000	Total non-operating income and expenses		(6,935)	(0.39)	(53,705)	(3.01)
7900	Profit before tax		96,884	5.48	64,281	3.59
7950	Income tax expense	6(22)1	(11,589)	(0.66)	(2,854)	(0.16)
8200	Net Income	6(21)	85,295	4.82	61,427	3.43
	Other comprehensive income					
8310	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans	6(18)2(5)	(1,262)	(0.07)	3,037	0.17
8331	Remeasurements of Defined Benefit Plans of Subsidiaries, Associates and Joint Ventures		(42)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)2	253	0.01	(607)	(0.03)
8300	Other comprehensive income (loss), net		(1,051)	(0.06)	2,430	0.14
8500	Total comprehensive income		\$ 84,244	4.76	\$ 63,857	3.57
	Earnings per share	6(25)				
9750	Basic earnings per share		\$ 1.04		\$ 0.75	
9850	Diluted earnings per share		\$ 1.03		\$ 0.74	

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

Shuang-Bang Industrial Corporation
Parent-company-only Statements of Changes in Equity
For the years ended December 31, 2025, and 2024
(In thousands of New Taiwan Dollars)

Equity attribute to the parent company

Items	Notes	Retained earnings						Total equity 3XXX
		Capital Stock- Common stock 3110	Capital Surplus 3200	Legal reserve 3310	Unappropriated retained earnings 3350	Total 3300		
Balance on January 1, 2024	Z1	\$ 823,608	\$ 10,557	\$ 169,093	\$ 219,708	\$ 388,801	\$ 1,222,966	
Cash dividends	B5	-	-	-	(32,945)	(32,945)	(32,945)	
Changes in capital surplus	C17	-	29	-	-	-	29	
Net income for the period	D1	-	-	-	61,427	61,427	61,427	
Other comprehensive income for the period	D3	-	-	-	2,430	2,430	2,430	
Total comprehensive income for the period	D5	-	-	-	63,857	63,857	63,857	
Changes in ownership equity of subsidiaries	M7	-	-	-	(489)	(489)	(489)	
Balance on Decemberr 31, 2024	Z1	\$ 823,608	\$ 10,586	\$ 169,093	\$ 250,131	\$ 419,224	\$ 1,253,418	
Appropriations of earnings of legal reserve	B1	-	-	6,337	(6,337)	-	-	
Cash dividends	B5	-	-	-	(65,889)	(65,889)	(65,889)	
Changes in capital surplus	C17	-	29	-	-	-	29	
Net income for the period	D1	-	-	-	85,295	85,295	85,295	
Other comprehensive income (loss) for the period	D3	-	-	-	(1,051)	(1,051)	(1,051)	
Total comprehensive income (loss) for the period	D5	-	-	-	84,244	84,244	84,244	
Balance on Decemberr 31, 2025	Z1	\$ 823,608	\$ 10,615	\$ 175,430	\$ 262,149	\$ 437,579	\$ 1,271,802	

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

Shuang-Bang Industrial Corporation
Parent-company-only Statements of Cash Flows
For the years ended December 31, 2025, and 2024
(In thousands of New Taiwan Dollar)

Codes	Items	2025	2024
AAAA	Cash flows from operating activities		
A10000	Profit before income tax	\$ 96,884	\$ 64,281
A20000	Adjustments for:		
A20010	Adjustments to reconcile profit		
A20100	Depreciation expense	96,454	92,496
A20200	Amortization expenses	1,462	1,638
A20300	Expected credit loss reversal gains	(504)	(5,455)
A20400	(Gains) Losses on financial assets at fair value through profit or loss, net	(2,523)	11,980
A20900	Interest expense	16,286	15,135
A21200	Interest income	(649)	(871)
A22400	Share of profit or loss of subsidiaries accounted for under the equity method	(8,189)	49,937
A22500	Losses on disposal or retirement of property, plant and equipment	4,197	142
A23800	Reversal of impairment loss on non-financial assets	-	(50)
A23900	Unrealized gain on sales	3,408	1,593
A24000	Realized gain on sales	(3,386)	(1,390)
A24100	Unrealized (gain) loss on foreign exchange	(2,679)	(2,980)
A29900	Others (government grants)	(682)	(682)
A29900	Others (Property, plan and equipment transferred to expenses.)	-	905
A29900	Others	-	477
A20010	Total adjustments to reconcile profit	<u>103,195</u>	<u>162,875</u>
A30000	Changes in operating assets and liabilities:		
A31000	Changes in operating assets		
A31130	Decrease in notes receivable	1,815	10,943
A31150	Decrease (Increase) in accounts receivable	29,913	(67,760)
A31180	(Increase) Decrease in other receivables	(422)	1,817
A31200	Increase in inventories	(19,297)	(21,891)
A31240	Decrease (Increase) in other current assets	2,706	(1,730)
A31990	Decrease in other operating assets	1,020	488
A31000	Total changes in operating assets	<u>15,735</u>	<u>(78,133)</u>
A32000	Changes in operating liabilities		
A32130	(Decrease) Increase in notes payable	(628)	221
A32150	(Decrease) Increase in accounts payable	(9,455)	17,235
A32180	Increase in other payables	2,949	39,406
A32200	(Decrease) Increase in provisions	(1,753)	3,435
A32230	(Decrease) Increase in other current liabilities	(886)	3,336
A32240	Decrease in net defined benefit liability	(235)	(76)
A32000	Total changes in operating liabilities	<u>(10,008)</u>	<u>63,557</u>
A30000	Total changes in operating assets and liabilities	<u>5,727</u>	<u>(14,576)</u>
A20000	Total adjustments	<u>108,922</u>	<u>148,299</u>
A33000	Cash flow generated from operations	205,806	212,580
A33100	Interest received	649	871
A33300	Interest paid	(17,782)	(17,687)
A33500	Income tax paid	(1,427)	(18,225)
AAAA	Net cash flows generated by operating activities	<u>187,246</u>	<u>177,539</u>

(Continued)

Shuang-Bang Industrial Corporation
Parent-company-only Statements of Cash Flows
For the years ended December 31, 2025, and 2024
(In thousands of New Taiwan Dollar)

Codes	Items	2025	2024
	(Continued)		
BBBB	Cash flows from investing activities		
B00040	Acquisition of financial assets measured at amortized cost	-	(3,205)
B00050	Disposal of financial assets measured at amortized cost	-	6,205
B01800	Acquisition of investments accounted for under the equity method	-	(30,000)
B01900	Disposal of investments accounted for under the equity method	-	14,388
B02700	Acquisition of property, plant and equipment	(33,236)	(23,882)
B02800	Proceeds from disposal of property, plant and equipment	448	83
B03700	Increase in refundable deposits	-	(253)
B03800	Decrease in refundable deposits	-	813
B04500	Acquisition of intangible assets	(206)	(553)
B06000	Long-term lease payments receivable	-	2,688
B06700	Increase in other noncurrent assets	(126)	(315)
B06800	Decrease in other noncurrent assets	659	603
B07100	Increase in prepayments for equipment	(93,597)	(128,658)
BBBB	Net cash used in investing activities	<u>(126,058)</u>	<u>(162,086)</u>
CCCC	Cash flows from financing activities		
C00100	Increase in short-term loans	790,677	747,343
C00200	Decrease in short-term loans	(738,020)	(688,890)
C01600	Proceeds from long-term bank loans	40,000	50,000
C01700	Repayment of long-term bank loans	(108,973)	(97,139)
C03000	Increase in guaranteed deposits received	-	166
C03100	Decrease in guaranteed deposits received	-	(294)
C04020	Repayment of the principal portion of lease liabilities	(3,490)	(6,049)
C04500	Cash dividends	(65,889)	(32,945)
C09900	Others	29	29
CCCC	Net cash used in financing activities	<u>(85,666)</u>	<u>(27,779)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>30</u>	<u>90</u>
EEEE	Net decrease in cash and cash equivalents	<u>(24,448)</u>	<u>(12,236)</u>
E00100	Cash and cash equivalents, beginning of the year	89,426	101,662
E00200	Cash and cash equivalents, end of the year	<u>\$ 64,978</u>	<u>\$ 89,426</u>
E00210	Cash and cash equivalents on parent-company balance sheets	<u>\$ 64,978</u>	<u>\$ 89,426</u>

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

Shuang Bang Industrial Corporation
Notes to Parent-Company-Only Financial Statements
For the years ended December 31, 2025, and 2024
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. Company History

Shuang Bang Industrial Corporation (the Company) was incorporated on November 17, 1989. The Company is mainly engaged in manufacturing PU resin for shoes, coating and lamination, hardener, and Thermoplastic Polyurethane (TPU) as well as the sales of photoinitiators. The Company's stock has been listed on the Taipei Exchange (TPEX) since May 3, 2011. The registered address of the main operational base of the Company is located at No. 3, Yongxing Road, Nantou City, Nantou County.

The financial statements of this entity are expressed in the functional currency of the Company, which is New Taiwan Dollars.

2. Approval date and procedures of the financial statements

The accompanying parent-company-only financial statements were approved and authorized for issue by the Board of Directors on March 10, 2026.

3. New standards, amendments and interpretations adopted

(1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant impact on the accounting policies of Shuang Bang Industrial Corporation.

(2) The IFRS issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting from 2026:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" – the amendments to the application guidance of classification of financial assets	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 "Insurance Contracts" (Including 2020 and 2021 Amendments)	January 1, 2023

As of the date the accompanying consolidated financial statements were issued, the Group continues in evaluating other impacts of the amendments on its financial position and financial performance. The related impact will be disclosed when the Company completes its evaluation.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements."	January 1, 2027 (Note 2)
IFRS 19 "Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures"	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The FSC issued a press release on September 25, 2025, announcing the plan for public companies to adopt IFRS 18 starting from the fiscal year 2028.

IFRS 18 “Presentation and Disclosure in Financial Statements.” (IFRS 18)

IFRS 18 replaces IAS 1 “Presentation of Financial Statements”. The main changes in the new standard are as below:

- The Company shall assess whether its primary operating activities include investing in specific types of assets or providing financing to customers and accordingly classify items of income and expenses in the statement of profit or loss into operating, investing, financing, income taxes, and discontinued operations categories.
- The income statement should report subtotals and totals for operating profit/loss, financing, and pre-tax profit/loss.
- Guidance to enhance aggregation and disaggregation requirements: The Consolidated Company must identify assets, liabilities, equity, income, expenses, and cash flows from individual transactions or other events and classify and aggregate them based on common characteristics, ensuring that each line item in the primary financial statements has at least one similar characteristic. Items with different characteristics should be disaggregated in the primary financial statements and notes. The Consolidated Company should label items as "other" only when no more informative label can be found.
- The disclosure of increased management-defined performance measures: When the Consolidated Company engages in public communication outside of the financial statements and communicates with users of the financial statements about the management's view of a certain aspect of the Consolidated Company's overall financial performance, it should disclose information related to management-defined performance measures in a single note to the financial statements. This includes a description of the measure, how it is calculated, reconciliation with subtotals or totals defined by IFRS, and the impact or effect of related reconciling items on income tax and non-controlling interests.

In addition, IAS7 “Statement of Cash Flows” has been amended as follows:

- Requiring the Company to use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.
- Interest and dividends received by the Group shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. If the Group assesses that it has specified main business activities, it shall consider the categories in which dividend income, interest income, and interest expenses are presented in the statement of profit or loss to determine the classification of dividends received, interest received, and interest paid in the statement of cash flows. However, each of these cash flows must be classified into only a single category within the statement of cash flows.

Except for the above impact, as of the date the accompanying consolidated financial statements were issued, the Company continues in evaluating other impacts of the above amended standards and on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Accounting Standards Used in Preparation of the Parent Company Only Financial Statements").

(2) Basis of preparation

The accompanying parent company only financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- A. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- B. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- C. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When preparing its parent company only financial statements, the Company used equity method to account for its investment in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and consolidated basis were made to investments accounted for by equity method, share of profit or loss of subsidiaries and associates, as appropriate, in the parent company only financial statements.

(3) Foreign currencies

The financial statements of the individual parent company were expressed in the currency which reflected its primary economic environment (functional currency). In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

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

Current assets include:

- A. Assets held primarily for trading purposes; and
- B. Assets expected to be realized within 12 months after the balance sheet date; and
- C. Cash or cash equivalents (excluding those restricted for exchange or settlement of liabilities beyond 12 months after the balance sheet date).

Current liabilities include:

- A. Liabilities held primarily for trading purposes; and
- B. Liabilities due to be settled within 12 months after the balance sheet date; and
- C. Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Assets or liabilities that do not meet the criteria above are classified as non-current assets or non-current liabilities.

(5) Cash equivalents

Cash equivalents include highly liquid investments with insignificant risk of value changes that can be readily converted into known amounts of cash and are used to meet short-term cash commitments.

(6) Inventory

Inventories comprise raw materials, materials, finished goods, semi-finished goods, work in progress and products. Inventories are stated at the lower of cost and net realizable value, which represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. The cost of inventories is based on weighted-average costing.

Fixed production overheads are those indirect costs of production that remain relatively constant regardless of the volume of production. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. When actual production exceeds normal operating capacity, fixed overheads should be amortized by the actual operating capacity. Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities.

(7) Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Under the equity method, the investment in a subsidiary is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary. Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent's company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company financial statements only to the extent of interest in the subsidiaries that are not related to the Company.

(8) Property, plant and equipment

Property, plant and equipment are initially recognized at cost and subsequently measured at cost with less accumulated depreciation and any accumulated impairment losses. Cost includes the purchase price, net of trade discounts and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. For qualifying assets, cost also includes the amount of borrowing costs capitalized. If a restoration obligation exists, the cost further includes the initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located.

The carrying amount of an item of property, plant, and equipment will include the cost of replacing the part of such an item when the cost is incurred if the recognition criteria (future benefits and measurement reliability) are met. The carrying amount of those parts that are replaced shall be derecognized. Repairs and maintenance costs are expensed through profit and loss.

Depreciation begins when the asset is available for its intended use and is recognized on a straight-line basis over its estimated useful life for each significant part of an item of property, plant and equipment, except for land which is not depreciated. The Group reviews the estimated useful lives, residual values, and depreciation methods at least at each financial year-end, with the effect of any changes in accounting estimates accounted for on a prospective basis.

Upon derecognition of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(9) Leases

The Company evaluates whether a contract is or contains a lease at its inception.

A. As a lessee

The Company classifies each lease as either a finance or an operating lease at its inception. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee; otherwise, it is classified as an operating lease. As part of this assessment, the Group considers specific indicators, such as whether the lease term covers a major part of the economic life of the underlying asset.

Assets under financing lease are recognized on a net basis as lease receivable. Initial direct costs incurred in negotiating and arranging an operating lease are added to the net investment in the leased assets. Interest income is allocated over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.

Lease payments from operating leases, net of lease incentives, are recognized as income on a straight-line basis over the lease term.

B. As a lessor

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

The right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the end of the useful life of the right-of-use asset or the end of the lease term, whichever is earlier. In addition, the Company performs periodic impairment tests on the right-of-use assets and recognizes any impairment losses incurred. The right-of-use assets are adjusted accordingly in case of remeasurement of lease liabilities.

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

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

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

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

- a. there is a change in future lease payments arising from the change in an index or rate; or
- b. there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- c. there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- d. there is a change of its assessment on whether it will exercise an extension or termination option; or
- e. there are any lease modifications

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

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

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

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

(10) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis.

Upon derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(11) Impairment of tangible and intangible assets

At the end of each reporting period, the Company assesses whether there is any indication that property, plant and equipment, right-of-use assets, and intangible assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. Corporate assets are allocated to individual CGUs on a reasonable and consistent basis.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit (CGU) is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or CGU is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

(12) Provision

If the consolidated company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated, a provision for the liability is recognized.

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

Provisions are measured at the best estimate of the expenditure required to settle the present obligation and reflects the present value of expenditures required to settle the obligation where the time value of money is material. Moreover, possible gains on sale of assets should be ignored by measuring a provision.

(13) Employee benefits

A. Short-term employee benefits

Liabilities relating to short-term employee benefits are measured at the undiscounted amount expected to be paid in exchange for the service rendered by employees.

B. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefit is recognized based on actuarial calculations. Defined benefit costs under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost, and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets, is recognized in other comprehensive income in the period in which they occur. Net defined benefit liability represents the present value of defined benefit plan less the fair value of plan assets.

(14) Financial instruments

Financial assets and liabilities shall be recognized when the Company becomes a party to the

contractual provisions of the instruments.

Upon initial recognition, financial assets and financial liabilities not measured at fair value through profit or loss (FVTPL) are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities at FVTPL are recognized immediately in profit or loss.

A. Financial Assets

Regular way transactions of financial assets are recognized and derecognized on a settlement date basis.

a. Category of financial assets and measurement

The Company holds financial assets in the following categories: financial assets at fair value through profit or loss (FVTPL) and financial assets measured at amortized cost.

I. Fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss (FVTPL) are those mandatorily measured at fair value. This category includes equity instrument investments that the Company has not designated as measured at fair value through other comprehensive income (FVTOCI), as well as financial assets that do not meet the criteria for classification as measured at amortized cost.

Financial assets at FVTPL are measured at fair value, with any dividends, interest, and remeasurement gains or losses recognized in other gains and losses. For the determination of fair value, please refer to Note 6 (24) 6.

II. Financial assets measured at amortized cost

The Company classifies invested financial assets as measured at amortized cost if both of the following conditions are met:

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cashflows that are solely payments of principal and interest on the principal outstanding amount.

Financial assets measured at amortized cost (including cash and cash equivalents, notes receivable - net, other notes receivable, accounts receivable - net (including related parties), other receivables, portions of other current assets, and portions of other non-current assets) are measured at amortized cost after initial recognition. This is determined by the gross carrying amount using the effective interest method less any impairment loss. If the effect of discounting is immaterial due to a short duration, the assets are measured at their original amount. Any foreign exchange gains or losses are recognized in profit or loss.

b. Impairment of financial assets and contract assets

At each balance sheet date, the Company assesses the impairment loss of financial assets measured at amortized cost (including notes receivable, accounts receivable, and other receivables) and contract assets based on expected credit losses.

For notes and accounts receivable, the Company estimates impairment loss by measuring the loss allowance at an amount equal to lifetime expected credit losses. For receivables overdue for more than 60 days, the Group individually assesses whether there are indications of impairment based on the customer's operating status and repayment ability. For receivables overdue for 60 days or less (including those not yet due), the Group reasonably assesses the incidence of impairment based on historical

experience of actual impairment losses over the past year, including significant available forward-looking information, as the basis for providing a loss allowance. If the amount of impairment decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss, provided that the reversal does not result in a carrying amount that exceeds what the amortized cost would have been had the impairment not been recognized.

For other financial assets, the Company first assesses whether the credit risk has increased significantly since initial recognition. If there is no significant increase, the loss allowance is recognized at 12-month expected credit losses. If the credit risk has increased significantly, the loss allowance is recognized at lifetime expected credit losses.

c. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss.

B. Equity Instruments

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

C. Financial Liabilities

a. Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

b. Derecognition of financial liabilities

Upon the derecognition of a financial liability, the difference between its carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(15) Government Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Such grants are recognized as a reduction of the related costs or as other income.

Government grants whose primary condition is that the Company purchase, construct or otherwise acquire non-current assets are recognized as deferred income and are transferred to profit or loss on a reasonable and systematic basis over the useful lives of the related assets. Alternatively, such grants are recognized as a reduction in the carrying amount of the non-current asset. This results in the grant being recognized in profit or loss over the useful life of the depreciable asset by way of reduced depreciation or amortization expense.

Government grants that are receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the Company with no future related costs, are recognized in profit or loss in the period in which they become receivable.

(16) Share-based payment arrangement

Shares for employees are expensed on a straight-line basis over the vesting period, based on the fair value at the grant date and the Company's best estimate of the number expected to ultimately vest, with a corresponding increase in equity- share-based payment and should be recognized as expenses if employees vested on the grant date.

(17) Revenue Recognition

The Company allocates the transaction price to each performance obligation identified in a contract and recognizes revenue as these obligations are satisfied.

The main contract revenue with the customer is from the sales of coating, resin, hardener, TPU and finished goods of footings, the Company recognize revenue when satisfies a performance obligation. Sales revenue is recognized based on contract price, net of sales returns, volume discounts and estimated sales discounts. Sales discounts and allowances are estimated and provided for based on customer contracts, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The Company recognize sales returns and discounts of coating, resin, hardener, TPU and finished goods of footings as a negative of the revenue and liabilities which based on estimates of feedback from customers, historic experience and other reasons.

For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The period between the Company transfers the goods to customers and when the customers pay for those goods is usually short and have no significant financing component to the contract. For a small part of the contracts, the Company has the right to transfer the goods to customers but does not have the right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. For part of the contracts where consideration is claimed upon signing the contract, then the Company has the obligation to provide the goods or the services subsequently and contract liabilities should be recognized. the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet the criteria, which is the costs generate or enhance resources of the Company that will be used in satisfying performance obligations in the future; and the costs are expected to be recovered, the Company recognizes these as revenue and expenses when incurred.

(18) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

A. Current tax

The Company determines its current income (loss) and calculates the income tax payable (recoverable) based on the regulations established by each tax jurisdiction.

The additional income tax on unappropriated earnings, calculated in accordance with the Income Tax Act, is recognized in the year when the shareholders' meeting resolves the distribution.

Adjustments to income tax payable from prior years are included in the current year's income tax.

B. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for purchase of machinery equipment, research and development expenses to the extent that it is probable that taxable profits will be

available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group can control the reversal of the temporary difference, and it is probable that no reversal will occur in the foreseeable future. Deferred tax assets are recognized only to the extent that it is probable the differences will be reversed and sufficient taxable profits will be available.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the asset to be utilized. Conversely, previously unrecognized assets are recognized if it becomes probable that future taxable profits will support their recovery.

Deferred tax is measured using the tax rates expected to apply when the asset is realized or the liability settled, based on laws enacted or substantively enacted by the reporting date. This measurement reflects the tax consequences of the Company's expected manner of recovery or settlement.

C. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. Significant accounting Judgments, Assumptions, and the major sources of Estimation Uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimates, and assumptions regarding information that is not readily available from other sources. These estimates and associated assumptions are based on historical experience and other relevant factors. Actual results may differ from these estimates.

When developing significant accounting estimates, the Company considers the potential impacts on cash flow projections, growth rates, discount rates, profitability, and other relevant significant accounting estimates. And the management continuously reviews these estimates and underlying assumptions.

The main sources of uncertainty in estimates and assumptions

(1) Loss allowance of accounts receivables

The Company has estimated the loss allowance of accounts receivables that is based on the risk of a default occurring and expected credit loss rate. The Company has considered historical experience, current economic conditions, and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments.

The Company recognized impairments of accounts receivables amounted to \$223 thousand and \$727 thousand as of December 31, 2025, and 2024, respectively.

(2) Valuation of Inventories

Inventories are stated at the lower of cost or net realizable value, and the Company uses estimate to determine the net realizable value of inventory at the end of each reporting period. The Company estimates the net realizable value of inventory for normal waste, obsolescence, and unmarketable items at the end of reporting period and the writes down the cost of inventories to net realizable value. The net realizable value of the inventory is determined mainly based on assumptions of future demand within a specific time horizon.

As of December 31, 2025, and 2024, the carrying amount of allowance for inventory write-down amounted to \$28,252 thousand and \$32,460 thousand, respectively.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash	\$ 246	\$ 250
Checking accounts and demand deposits	64,732	89,176
	<u>\$ 64,978</u>	<u>\$ 89,426</u>

The details of the interest rate for bank deposits were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Demand deposits (%)	0.010~0.705	0.002~0.800

(2) Financial assets at amortized costs – current

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Pledged time deposits	\$ 900	\$ 900
Interests rate (%)	0.655	0.655

The details of loss allowance of financial assets at amortized costs – current were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Total of carrying amount	\$ 900	\$ 900
Loss allowance	-	-
Financial assets at amortized costs	<u>\$ 900</u>	<u>\$ 900</u>

The Company's financial assets at amortized costs – current comprised custom duty deposits, bank loans with a specific purpose and bank deposits with originally due over three months and within one year which cannot be transferred to another category.

The Company's financial assets measured at amortized costs were pledged as collateral; please refer to note 8.

(3) Accounts and notes receivables, net

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Notes receivables		
From operating activities	\$ 51,662	\$ 52,676
Not from operating activities	44	532
	<u>\$ 51,706</u>	<u>\$ 53,208</u>
Notes receivables from related parties	<u>\$ 4,190</u>	<u>\$ 4,991</u>
Accounts receivables	\$ 321,801	\$ 336,214
Less: loss allowance	(223)	(727)
	<u>\$ 321,578</u>	<u>\$ 335,487</u>
Accounts receivables from related parties	<u>\$ 25,921</u>	<u>\$ 38,680</u>

The credit term on sales to the customers is 30 to 120 days.

The Company applies the simplified approach to provide for its loss allowance used for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all notes and accounts receivable. The expected credit losses on accounts receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as

well as the forecast direction of economic conditions at the reporting date. As the Company's historical credit loss experience shows that there is no significant difference in the loss patterns of different customer groups, it does not further differentiate the customer groups for the provision matrix and only sets the expected credit loss based on the number of days past due for notes and accounts receivable.

The abovementioned notes receivables which were not from operating were compensation payments by installments for the equipment was recognized as notes receivables and long-term accounts receivables of other noncurrent liabilities, respectively.

Details of allowance of accounts receivables were as follows:

December 31, 2025

	Current	Overdue 1-60 days	Overdue More than 61 days	Total
Total carrying amount	\$ 402,731	\$ 758	\$ 129	\$ 403,618
Provision for loss allowance	(135)	(34)	(54)	(223)
Cost after amortization	<u>\$ 402,596</u>	<u>\$ 724</u>	<u>\$ 75</u>	<u>\$ 403,395</u>

The Company's abovementioned expected credit loss rates were as follows, current rates were 0.039%, rates of due over 1 to 60 days were 4.198% to 15.165% and rates of due over 61 days were 22.289% to 100%.

December 31, 2024

	Current	Overdue 1-60 days	Overdue More than 61 days	Total
Total carrying amount	\$ 431,486	\$ 1,288	\$ 319	\$ 433,093
Provision for loss allowance	(251)	(219)	(257)	(727)
Cost after amortization	<u>\$ 431,235</u>	<u>\$ 1,069</u>	<u>\$ 62</u>	<u>\$ 432,366</u>

The Company's abovementioned expected credit loss rates were as follows, current rates were 0.068%, rates of due over 1 to 60 days were 14.504% to 29.879% and rates of due over 61 days were 66.124% to 100%.

Information of changes in impairments of notes and accounts receivables were as follows:

	2025	2024
Balance on January 1	\$ 727	\$ 6,182
Less: Reversal on impairment loss for the current period, net	(504)	(5,455)
Balance on December 31	<u>\$ 223</u>	<u>\$ 727</u>

(4) Inventories

	December 31, 2025	December 31, 2024
Merchandises	\$ 13,248	\$ 13,829
Finished goods	139,639	128,156
Semi-finished goods	9,380	9,720
Work in process	15,648	10,263
Raw materials	73,068	67,909
Merchandises	23,822	25,631
	<u>\$ 274,805</u>	<u>\$ 255,508</u>

The operating costs relating to inventories amounted to \$1,500,555 thousand and \$1,498,507 thousand for the year 2025 and 2024, respectively.

The information of write-down of inventories to net realizable value and reversal of write-down of inventories resulting from the increase in net realizable value which were included in the cost of revenue:

	2025	2024
Gain from price recovery of inventory.	\$ (4,208)	\$ (11,245)

(5) Financial assets at fair value through profit or loss, non-current

	December 31, 2025		December 31, 2024	
	Amount	Ownership %	Amount	Ownership %
Financial assets at fair value through profit or loss, non-current				
Stock:				
Nanyang Cooperatives for common labors	\$ 20	0.42	\$ 20	0.42
Loyal Splendor Int'l Ltd. (Seychelles)	10,961	18.00	9,176	18.00
Grand And Great Corporation Limited (Samoa)	18,014	3.33	17,276	3.33
Total	<u>\$ 28,995</u>		<u>\$ 26,472</u>	

The Company's financial assets at fair value through profit or loss were not pledged as collateral.

As of December 31, 2025, the Group's cumulative investment in LOYAL SPLENDOR INT'L LTD. (Seychelles) totaled USD 540,000.

As of December 31, 2025, the Group's cumulative investment in GRAND AND GREAT CORPORATION LIMITED (Samoa) totaled USD 1.4 million.

The information of net loss(profit) on financial assets at fair value through profit or loss for the years ended 2025 and 2024 were as follows:

	2025	2024
Loyal Splendor Int'l Ltd. (Seychelles)	\$ 1,785	\$ (1,502)
Grand And Great Corporation Limited (Samoa)	738	(10,478)
	<u>\$ 2,523</u>	<u>\$ (11,980)</u>

(6) Investments accounted for using equity method

Investees	December 31, 2025		December 31, 2024	
	Amount	Ownership%	Amount	Ownership%
Miracle Textile Industry Co., Ltd.	\$ 22,197	44.50	\$ 14,071	44.50
Shoetex Corporation	-		-	
	<u>\$ 22,197</u>		<u>\$ 14,071</u>	

The Company's subsidiary Miracle Textile Industry Co., Ltd. had its cash capital increase approved by the board of directors on January 10, 2017. The effective base date for the capital increase was set as January 17, 2017, and the registration of the change was completed with the Ministry of Economic Affairs on February 3, 2017. Due to non-proportional investment in an investee's capital increase, the percentage of ownership decreased from 55.92% to 44.50%. However, the change did not affect the Company's board representation, and the Company continues to retain effective control over the subsidiary.

Shoetex Corporation had its capital reduction to offset accumulated losses and cash capital increase approved by its board of directors on March 19, 2024, with March 25 and March 26,

2024, designated as the effective dates of capital reduction and capital increase, respectively. Both changes were registered with the Ministry of Economic Affairs on April 12, 2024. As the Company subscribed to the capital increase in a proportion exceeding its original shareholding, its ownership interest in Shoetex Corporation increased from 68.87% to 80.20%. Shoetex Corporation resolved to proceed with dissolution and liquidation at its extraordinary shareholders' meeting on October 30, 2024, with October 31, 2024, designated as the effective date of dissolution. The dissolution was registered with the Ministry of Economic Affairs on November 4, 2024, and the liquidation process was completed on December 20, 2024.

The shares of profits or losses and other comprehensive income of associates accounted for using the equity method in 2025 and 2024 were recognized based on the financial statements of these companies for the same periods, which were audited by independent auditors. The amounts recognized under the equity method were as follows:

	2025	2024
Miracle Textile Industry Co., Ltd.	\$ 8,189	\$ 725
Shoetex Corporation	-	(50,662)
	<u>\$ 8,189</u>	<u>\$ (49,937)</u>

(7) Property, plant and equipment

	December 31, 2025	December 31, 2024
Owner occupation	\$ 1,536,541	\$ 1,426,760
Operating leases	31,133	17,973
	<u>\$ 1,567,674</u>	<u>\$ 1,444,733</u>

A. Owner occupation

Carrying amount	December 31, 2025	December 31, 2024
Land	\$ 645,954	\$ 645,954
Buildings, net	409,629	438,575
Machinery equipment, net	380,531	260,150
Testing equipment, net	5,639	5,951
Pollution control equipment, net	40,824	29,001
Transportation	3,883	5,130
Office equipment	37	56
Other equipment	50,044	41,943
	<u>\$ 1,536,541</u>	<u>\$ 1,426,760</u>

Cost	January 1, 2025	Additions	Disposals	Prepaid	Reclassifica tion	December 31, 2025
Land	\$ 645,954	\$ -	\$ -	\$ -	\$ -	\$ 645,954
Buildings	567,372	1,002	-	1,100	(15,127)	554,347
Machinery equipment	427,599	9,752	(48,590)	156,172	-	544,933
Testing equipment	13,549	929	(2,939)	469	-	12,008
Pollution control equipment	93,922	1,128	(26,376)	24,162	-	92,836
Transportation	16,981	-	-	-	-	16,981
Office equipment	99	-	-	-	-	99
Other equipment	98,960	10,724	(33,131)	15,141	-	91,694
	<u>\$1,864,436</u>	<u>\$ 23,535</u>	<u>\$ (111,036)</u>	<u>\$197,044</u>	<u>\$ (15,127)</u>	<u>\$1,958,852</u>

Accumulated depreciation and impairment	January 1, 2025	Depreciation	Disposals	Prepaid	Reclassification	December 31, 2025
Buildings	\$ 128,797	\$ 17,456	\$ -	\$ -	\$ (1,535)	\$ 144,718
Machine equipment	167,449	45,543	(48,590)	-	-	164,402
Testing equipment	7,598	1,710	(2,939)	-	-	6,369
Pollution control equipment	64,921	11,394	(24,303)	-	-	52,012
Transportation	11,851	1,247	-	-	-	13,098
Office equipment	43	19	-	-	-	62
Other equipment	57,017	15,192	(30,559)	-	-	41,650
	<u>\$ 437,676</u>	<u>\$ 92,561</u>	<u>\$ (106,391)</u>	<u>\$ -</u>	<u>\$ (1,535)</u>	<u>\$ 422,311</u>

Cost	January 1, 2024	Additions	Disposals	Prepaid	Reclassification	December 31, 2024
Land	\$ 645,954	\$ -	\$ -	\$ -	\$ -	\$ 645,954
Buildings	558,001	106	(1,822)	5,420	5,667	567,372
Machinery equipment	345,123	8,958	(23,099)	96,617	-	427,599
Testing equipment	14,125	1,446	(2,450)	428	-	13,549
Pollution control equipment	87,750	1,129	(5,350)	10,393	-	93,922
Transportation	16,854	127	-	-	-	16,981
Office equipment	99	-	-	-	-	99
Other equipment	107,064	11,241	(27,046)	7,701	-	98,960
Construction in progress and inspection equipment	905	-	-	-	(905)	-
	<u>\$1,775,875</u>	<u>\$ 23,007</u>	<u>\$ (59,767)</u>	<u>\$120,559</u>	<u>\$ 4,762</u>	<u>\$1,864,436</u>

Accumulated depreciation and impairment	January 1, 2024	Depreciation	Disposals	Prepaid	Reclassification	December 31, 2024
Buildings	\$ 111,816	\$ 18,162	\$ (1,822)	\$ -	\$ 641	\$ 128,797
Machine equipment	149,101	41,273	(22,875)	(50)	-	167,449
Testing equipment	8,329	1,718	(2,449)	-	-	7,598
Pollution control equipment	60,977	9,294	(5,350)	-	-	64,921
Transportation	10,705	1,146	-	-	-	11,851
Office equipment	23	20	-	-	-	43
Other equipment	67,108	16,955	(27,046)	-	-	57,017
	<u>\$ 408,059</u>	<u>\$ 88,568</u>	<u>\$ (59,542)</u>	<u>\$ (50)</u>	<u>\$ 641</u>	<u>\$ 437,676</u>

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Item	Useful lives	Item	Useful lives
Buildings	1 to 50 years	Transportation	3 to 13 years
Machine equipment	1 to 8 years	Office equipment	5 years
Testing equipment	3 to 10 years	Other equipment	3 to 10 years
Pollution control equipment	3 to 25 years		

B. Operating leases

Carrying amount	December 31, 2025	December 31, 2024
Buildings	<u>\$ 31,133</u>	<u>\$ 17,973</u>

Cost	January 1, 2025	Additions	Disposals	Prepaid	Reclassifica tion	December 31, 2025
Buildings	\$ 19,590	\$ -	\$ -	\$ -	\$ 15,127	\$ 34,717

Accumulated Depreciation/Impairment	January 1, 2025	Depreciation	Disposals	Prepaid	Reclassifica tion	December 31, 2025
Buildings	\$ 1,617	\$ 432	\$ -	\$ -	\$ 1,535	\$ 3,584

Cost	January 1, 2024	Additions	Disposals	Prepaid	Reclassifica tion	December 31, 2024
Buildings	\$ 25,257	\$ -	\$ -	\$ -	\$ (5,667)	\$ 19,590

Accumulated Depreciation/Impairment	January 1, 2024	Depreciation	Disposals	Prepaid	Reclassifica tion	December 31, 2024
Buildings	\$ 1,788	\$ 470	\$ -	\$ -	\$ (641)	\$ 1,617

Depreciation is based on the following estimated useful lives:

Item	Useful lives
Buildings	48 years

The Company's property, plant and equipment were pledged as collateral for bank loans and secured borrowings, please refer to note 8.

(8) Leases

Lessee

A. Right-of-use assets

Carrying amount	December 31, 2025	December 31, 2024
Buildings	\$ -	\$ 1,082
Transportation	5,755	5,160
	\$ 5,755	\$ 6,242

	2025	2024
Additions of right-of-use assets	\$ 2,974	\$ 1,147
Depreciation of right-of-use assets		
Buildings	\$ 1,082	\$ 1,093
Transportation	2,379	2,365
	\$ 3,461	\$ 3,458

B. Lease liabilities

	December 31, 2025	December 31, 2024
Current	\$ 2,002	\$ 3,361
Noncurrent	\$ 3,611	\$ 2,766

The discount rates of lease liabilities were as follows:

	December 31, 2025	December 31, 2024
Buildings (%)	1.272	1.250~1.926
Transportation (%)	0.967~1.956	0.967~1.846

C. Significant leasing activities and requirements

The underlying assets leased by the Company include land, houses and buildings, company cars and photocopiers. The periods of the lease contract vary from 3 to 5 years. The lease contract is negotiated individually and contains various terms and conditions.

D. Profit and loss items associated with lease contracts are as follows:

	2025	2024
Items that affect profit or loss		
Interest expense on lease liabilities	\$ 69	\$ 214
Rent expenses on short-term lease	2,059	1,877
	<u>\$ 2,128</u>	<u>\$ 2,091</u>

E. The Company's total lease cash outflows in 2025 and 2024 were NT\$3,559 thousand and NT\$6,263 thousand, respectively.

Lessor

A. Rental agreements

Objective	Lease period	Monthly rental revenue and method	Guarantee Deposits
Buildings (dormitory)	2021/06/01~2024/06/01 2024/06/01~2026/06/01	Monthly rental fees \$14 thousand. (Note1)	-
Buildings (plant)	2021/07/01~2027/06/30	Monthly rental fees \$149 thousand.	\$448 thousand
Buildings (plant)	2022/05/01~2025/04/30	First year, monthly rental fees \$140 thousand. Starting from the second year, monthly rental fees \$147 thousand. (Note2)	-
Buildings (plant)	2022/08/31~2025/4/30	Monthly rental fees \$6 thousand. Starting from July 2023, monthly rental fees \$8 thousand. (Note2)	-
Buildings (plant)	2023/01/01~2027/06/30	Monthly rental fees \$55 thousand.	\$166 thousand
Buildings (plant)	2023/02/01~2024/03/31 2024/04/01~2025/03/31 2025/04/01~2026/03/31	Monthly rental fees \$13 thousand. Starting from April 2024, monthly rental fees \$14 thousand.	\$13 thousand
Buildings (plant)	2024/08/01~2027/06/30 (Note3)	Monthly rental fees \$55 thousand.	\$166 thousand
Buildings (plant)	2025/11/01~2026/12/31	Monthly rental fees \$8 thousand.	\$24 thousand
Buildings (plant)	2025/12/01~2031/11/30	Monthly rental fees \$193 thousand.	\$579 thousand

Note 1 : The company terminated the contract early in November 2024.

Note 2 : The company terminated the contract early in May 2024.

Note 3 : The company entered into an agreement to extend the lease term in December 2025.

B. The information of gains on operating lease rental contracts for the years ended in 2025 and 2024 were as follows:

	2025	2024
Rental revenue	<u>\$ 3,294</u>	<u>\$ 3,683</u>

C. non-cancellable operating lease contracts

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Within one year	\$ 4,989	\$ 3,158
More than 1 year to 3 years	6,189	4,013
Over 3 years	6,753	-

(9) Intangible assets

<u>Carrying amounts</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Computer software	\$ 1,808	\$ 3,064
Professional technology	-	-
	<u>\$ 1,808</u>	<u>\$ 3,064</u>

<u>Costs</u>	<u>January 1, 2025</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2025</u>
Computer software	\$ 6,188	\$ 206	\$ (1,694)	\$ 4,700

<u>Accumulated amortization and impairment</u>	<u>January 1, 2025</u>	<u>Amortization</u>	<u>Disposals</u>	<u>December 31, 2025</u>
Computer software	\$ 3,124	\$ 1,462	\$ (1,694)	\$ 2,892

<u>Costs</u>	<u>January 1, 2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2024</u>
Computer software	\$ 6,841	\$ 1,669	\$ (2,322)	\$ 6,188
Professional technology	2,000	-	(2,000)	-
	<u>\$ 8,841</u>	<u>\$ 1,669</u>	<u>\$ (4,322)</u>	<u>\$ 6,188</u>

<u>Accumulated amortization and impairment</u>	<u>January 1, 2024</u>	<u>Amortization</u>	<u>Disposals</u>	<u>December 31, 2024</u>
Computer software	\$ 3,975	\$ 1,471	\$ (2,322)	\$ 3,124
Professional technology	1,833	167	(2,000)	-
	<u>\$ 5,808</u>	<u>\$ 1,638</u>	<u>\$ (4,322)</u>	<u>\$ 3,124</u>

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

<u>Item</u>	<u>Useful lives</u>
Computer software	1 to 5 years

(10) Other noncurrent assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Prepayments for equipment	\$ 29,029	\$ 130,990
Refundable deposits	942	927
Long-term notes receivables	44	532
Other	1,717	2,250
	<u>\$ 31,732</u>	<u>\$ 134,699</u>

The abovementioned long-term notes receivables were for the compensation payment with installments for the machine equipment, please refer to note 6(3).

(11) Short-term loans

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Secured loans		
Operating deposits	\$ 60,000	\$ -
L/C loans	54,595	51,679
Unsecured loans		
Operating deposits	60,000	60,000
L/C loans	-	10,259
	<u>\$ 174,595</u>	<u>\$ 121,938</u>
Loan rate (%)	1.87~2.00	1.80~2.19
Due date	Before 2026/6/28	Before 2025/6/24

The abovementioned loans were all bank loans.

The Company's short-term loans were pledged as collateral, please refer to note 8.

(12) Notes and accounts payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Arising from operation:		
Notes payables	\$ 37	\$ 665
Accounts payables(include parties)	175,738	185,108
Not arising from operation:		
Other notes payables	3,603	14,975

Other notes payables were mainly used for the purchase of equipment.

(13) Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Third-party transaction		
Salary and bonus payables	\$ 38,374	\$ 42,156
Insurance payables	4,425	4,107
Equipment payables	2,487	816
Welfare payables	7,300	5,800
Directors' remuneration payables	3,130	2,160
Other accounts payables	45,534	41,624
	<u>\$ 101,250</u>	<u>\$ 96,663</u>
Other accounts payables from related parties	<u>\$ 49</u>	<u>\$ 26</u>

(14) Provision

	<u>December 31, 2025</u>			<u>December 31, 2024</u>
	Employees benefits	Returns and discounts	Sales rebates	Total
Employees benefits	\$ 7,741			\$ 7,393
Returns and discounts		964		850
Sales rebates		-		2,215
	<u>\$ 8,705</u>			<u>\$ 10,458</u>
Balance on January 1, 2025	\$ 7,393	\$ 850	\$ 2,215	\$ 10,458
Provision for the period	7,736	1,109	1,983	10,828
Payments for the period	(15)	-	(4,198)	(4,213)
Write-off for the period	(7,373)	(995)	-	(8,368)
Balance on December 31, 2025	<u>\$ 7,741</u>	<u>\$ 964</u>	<u>\$ -</u>	<u>\$ 8,705</u>

	Employees benefits	Returns and discounts	Sales rebates	Total
Balance on January 1, 2024	\$ 6,763	\$ 260	\$ -	\$ 7,023
Provision for the period	7,377	6,747	2,215	16,339
Payments for the period	(10)	-	-	(10)
Write-off for the period	(6,737)	(6,157)	-	(12,894)
Balance on December 31, 2024	<u>\$ 7,393</u>	<u>\$ 850</u>	<u>\$ 2,215</u>	<u>\$ 10,458</u>

The Company's provision was for benefits of accumulated paid time off as of the balance sheet date, probable sales returns of the products and the sales rebates. Provision for warranty and after service cost was estimated based on the historical information, management judgements and other known factors.

(15) Other current liabilities

	December 31, 2025	December 31, 2024
Contract liabilities	\$ 5,000	\$ 5,995
Temporary receipts	226	226
Receipts under custody	1,121	1,006
Deferred revenue – current	511	682
	<u>\$ 6,858</u>	<u>\$ 7,909</u>

(16) Long-term loans

Category	Due year	December 31, 2025	December 31, 2024
Secured borrowings	2028	\$ 120,833	\$ 170,833
Secured borrowings	2029	39,167	49,167
Secured borrowings	2034	220,776	247,007
Secured borrowings	2038	252,609	272,684
Unsecured borrowings	2030	37,333	-
		<u>\$ 670,718</u>	<u>\$ 739,691</u>
Current portion of long-term loans payable		\$ 114,306	\$ 106,306
Non-current		556,412	633,385
		<u>\$ 670,718</u>	<u>\$ 739,691</u>
Interest rate of loans (%)		1.925~2.130	1.925~2.140

The abovementioned loans are bank loans and used in floating rate borrowings, please refer to note 6(24).

The Company's pledged and mortgaged assets used as collateral for long term loans, please refer to note 8.

(17) Government grants

The Company purchased pollution control equipment in 2018 and had applied for exemption in the local government in accordance with the laws. The application had been reviewed and approved by the Bureau of Energy, Ministry of Economic Affairs and obtained \$5,000 thousand of the exemption. As of December 31, 2025, the government grant was recognized under other liabilities, current and long-term deferred revenue and will be transferred to other revenue in accordance with the useful lives of the equipment.

The Company had applied for Industrial Upgrading Innovation Platform Guidance Program by the Ministry of Economic Affairs and had been reviewed and approved. As of December 31, 2025, and 2024, the Company obtained the government grants amounted to \$2,936 and \$8,417 thousand and recognized under other revenue.

(18) Post-employment benefits plans

A. Defined contribution plans

The plan under the R.O.C. Labor Pension Act (the “Act”) is deemed a defined contribution plan. Pursuant to the Act, the Company have made monthly contributions equal to 6% of each employee’s monthly salary to employees’ pension accounts. Accordingly, the Company recognized as expenses under parent-company comprehensive income statement of \$9,981 thousand and \$8,850 thousand. As of December 31, 2025, and 2024, the unpaid definite benefits plans amounted to \$2,491 thousand and \$2,344 thousand, respectively.

B. Defined benefit plans

The Company has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee’s length of service and average monthly salary for the six-month period prior to retirement. According to the law, two bases are given for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Company contributes an amount equal to 5% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee’s name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government’s designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

The net defined benefit obligation is currently calculated on December 31, 2025, by independent author, Chen Wen-Hsien, using the projected unit credit method.

The Company recognized pension expenses by using calculated pension expenses for the year ended 2025 and 2024.

- a. The amounts included in the consolidated balance sheets in respect of the Company’s defined benefit plans were as follows:

	December 31, 2025	December 31, 2024
Present value of defined benefit obligation	\$ (46,908)	\$ (43,072)
Fair value of plan assets	27,263	24,454
Net defined benefit liabilities	<u>\$ (19,645)</u>	<u>\$ (18,618)</u>

- b. Movements in net defined benefit liabilities

Movements in net defined benefit liabilities were as follows:

	2025	2024
Balance on January 1	\$ 43,072	\$ 43,317
Current service costs and interests	908	642
Loss (gain) on defined benefit obligation, experience adjustments	1,807	839
- changes in financial assumptions	1,121	(1,726)
Balance on December 31	<u>46,908</u>	<u>43,072</u>

c. Movements in planned assets at fair value

Movements in net defined benefit assets were as follows:

	<u>2025</u>	<u>2024</u>
Balance on January 1	\$ 24,454	\$ 21,586
Benefit paid	738	457
Interest revenue from plan assets	405	261
Experience gains from plan assets	1,666	2,150
Balance on December 31	<u>\$ 27,263</u>	<u>\$ 24,454</u>

d. Expenses through profit or loss

Expenses through profit or loss were as follows:

	<u>2025</u>	<u>2024</u>
Current service cost	\$ 206	\$ 128
Net interests from net defined benefit liabilities	297	253
Pension expenses	<u>\$ 503</u>	<u>\$ 381</u>

An analysis of employee benefits expense by function:

	<u>2025</u>	<u>2024</u>
Operating costs	\$ 325	\$ 246
Selling expenses	32	24
General and administrative expenses	131	100
Research and development expenses	15	11
	<u>\$ 503</u>	<u>\$ 381</u>

e. Remeasurement of net defined benefit liabilities (assets) recognized in other comprehensive income were as follows:

	<u>2025</u>	<u>2024</u>
Defined benefit obligation – experience adjustments (loss)	\$ 1,807	\$ 839
Losses (Gains) arising from remeasurements of defined benefit obligation, experience adjustments		
- changes in financial assumptions	1,121	(1,726)
Gains on experience from plan assets	(1,666)	(2,150)
Remeasurement of defined benefit obligation, net	<u>\$ 1,262</u>	<u>\$ (3,037)</u>

f. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate	1.35%	1.65%
Expected rate of salary increase	3.50%	3.50%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate		
0.25% increase	\$ (937)	\$ (917)
0.25% decrease	<u>\$ 966</u>	<u>\$ 947</u>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Expected rate of salary increase		
0.25% increase	\$ 943	\$ 927
0.25% decrease	<u>\$ (920)</u>	<u>\$ (903)</u>

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Expected contributions to the plan for the next year	\$ 1,392	\$ 1,288
Average duration of the defined benefit obligation	8 years	8 years

C. Short-term employees benefit plant

The Company recognized paid time off leaves expenses of \$7,736 thousand and \$7,377 thousand in 2025 and 2024, respectively.

(19) Equity

A. Common stocks

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Amount of shares authorized (\$10 per share)	\$ 1,200,000	\$ 1,200,000
Amount of shares issued	<u>\$ 823,608</u>	<u>\$ 823,608</u>
Numbers of shares authorized (in thousands of shares)	120,000	120,000
Numbers of shares issued (in thousands of shares)	82,361	82,361

Each share has the same voting rights equal to the number of Directors to be elected and dividends receives.

B. Capital surplus

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Capital surplus	\$ 983	\$ 983
Employee share options	9,506	9,506
Expired dividends	126	97
	<u>\$ 10,615</u>	<u>\$ 10,586</u>

According to the law, capital reserves may be used to offset deficits only when legal reserves are insufficient for such purposes.

The capital surplus from shares issued in excess of par (including additional paid-in capital from the converted convertible bonds) may be used to offset deficits; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (but limited to a certain percentage of the Company's paid-in capital on a yearly basis).

The capital surplus arising from employee share options may not be used for any purpose.

The capital surplus arising from expired dividends may not be used for any purpose, except for offsetting a deficit.

The Company's reconciliation of outstanding common stocks and capital surplus were as follows:

	Capital		Capital surplus		
	Shares (in thousand)	Amount	Share premiums	Employee share options	Expired dividends
Balance on January 1, 2025	82,361	\$ 823,608	\$ 983	\$ 9,506	\$ 97
Others	-	-	-	-	29
Balance on December 31, 2025	<u>82,361</u>	<u>\$ 823,608</u>	<u>\$ 983</u>	<u>\$ 9,506</u>	<u>\$ 126</u>
Balance on January 1, 2024	82,361	\$ 823,608	\$ 983	\$ 9,506	\$ 68
Others	-	-	-	-	29
Balance on December 31, 2024	<u>82,361</u>	<u>\$ 823,608</u>	<u>\$ 983</u>	<u>\$ 9,506</u>	<u>\$ 97</u>

C. Retained earnings and dividend policy

According to the Company Act, when allocating the profits for each fiscal year, the following order shall be followed:

- a. pay all taxes and dues.
- b. offset accumulated deficits.
- c. set aside 10 percent of earnings as legal reserve
- d. set aside special capital reserve in accordance with relevant laws or regulations.

The remaining balance after the mentioned above payment to be made, combining with the undistributed earnings of the proceeding years, may be retained or distributed as shareholders' dividends after the approval of the shareholders' meeting.

Since the Company is in a highly developing industry, the Company has to adapt its dividend policy to meet the Company's long-term development and capital requirement, along with the shareholders' demand of cash. Therefore, the Company is allowed to distribute no more than 90% of the amount of the profits of the fiscal year. The Board of Directors shall submit a distribution proposal for approval at the shareholder's meeting. Distribution of profits may be made by way of a cash dividend or stock dividend; provided, however, the ratio for cash dividend shall be not less than 10% of total distribution.

On March 7, 2025, the appropriation of cash dividends in 2024 and on March 12, 2024, the appropriation of cash dividends in 2023, which were resolved in the meeting of the Company's board of directors, and as for the other appropriation of earnings, which were resolved in the meeting of shareholders on June 12, 2025, and May 31, 2024, respectively were as follows:

Items	Appropriation of earnings		Dividends per share (NTD)	
	2024	2023	2024	2023
Legal reserve	\$ 6,337	\$ -	-	-
Cash dividends	65,889	32,945	\$ 0.8	\$ 0.4
	<u>\$ 72,226</u>	<u>\$ 32,945</u>		

The appropriation of earnings for 2025, which were proposed by the Company's board of directors on March 20, 2026, were as follows:

Items	Appropriation of earnings	Dividends per share (NTD)
Legal reserve	\$ 8,424	
Cash dividends	82,361	\$ 1.0
	\$ 90,785	

The appropriation of earnings in 2025 is subject to the resolution of the shareholders in their meetings on June 5, 2026.

(20) Sales revenue

	2025	2024
Revenue from contracts with customers		
Sales revenue	\$ 1,751,087	\$ 1,766,909
Service revenue	18,397	19,401
	\$ 1,769,484	\$ 1,786,310
<u>Balance of the contracts</u>		
	December 31, 2025	December 31, 2024
Notes receivables, net (including related parties)	\$ 55,852	\$ 57,667
Accounts receivables, net (including related parties)	\$ 347,499	\$ 297,808
Contract liabilities – current (Recognized as other current liabilities)	\$ 5,000	\$ 2,727

Changes arising from the contract liabilities were mainly because of the differences of fulfillment of the obligation and payment received from the customers.

The sales revenue on contract liabilities were as follows:

	2025	2024
Sales revenue of goods	\$ 5,991	\$ 2,722

(21) Net income

The Company's net income included the following items:

A. Other revenue

	2025	2024
Government grant	\$ 3,769	\$ 9,107
Rental revenue	3,294	3,683
Other income	3,007	3,955
	\$ 10,070	\$ 16,745

B. Other profit and loss

	2025	2024
(Losses) Gains on foreign exchange	\$ (7,620)	\$ 10,576
Losses on disposal of plants, property and equipment	(4,197)	(142)
Gains (Losses) on financial assets at fair value through profit or loss.	2,523	(11,980)
Reversal of impairment loss recognized in profit or loss	-	50
Compensation loss (note1)	-	(3,122)
Other	-	(1,310)
	\$ (9,294)	\$ (5,928)

Note1: In 2024, the Group received a letter from SIXUP Corporation (hereinafter referred to as “SIXUP”) claiming that the TPU products purchased were defective and requesting compensation for damages. The Group appointed legal counsel to negotiate a settlement, and two mediation sessions were held at the Taoyuan District Court in Taiwan in September and December of the same year. As a result, the Group agreed to pay a settlement amount of NT\$3,122 thousand to SIXUP.

C. Depreciation and amortization

	2025	2024
Depreciation of plant, property and equipment	\$ 92,993	\$ 89,038
Depreciation of right-of-use assets	3,461	3,458
Amortization of intangible assets	1,462	1,638
	<u>\$ 97,916</u>	<u>\$ 94,134</u>

Depreciation expenses were summarized by functions:

Operating costs	\$ 87,364	\$ 83,309
Operating expenses	9,090	9,187

Amortization expenses were summarized by functions

Operating costs	424	583
Operating expenses	1,038	1,055

	<u>\$ 97,916</u>	<u>\$ 94,134</u>
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D. Financial cost

	2025	2024
Bank loans	\$ 16,271	\$ 14,921
Interests from lease liabilities	69	214
Handling fees	263	321
	<u>\$ 16,549</u>	<u>\$ 15,456</u>
Amount of capitalized borrowing costs	\$ 1,486	\$ 2,635
Rate of capitalized borrowing costs (%)	1.284~2.076	1.284~2.076

E. Gains (losses) on foreign exchange

	2025	2024
Total of gains on foreign exchange	\$ 20,768	\$ 19,193
Total of losses on foreign exchange	(28,388)	(8,617)
Total of gains (losses) on foreign exchange	<u>\$ (7,620)</u>	<u>\$ 10,576</u>

F. Employees’ compensation and remuneration of directors

According to the Company’s Articles of Incorporation, the Company shall allocate compensation to directors and profit-sharing bonus to employees of the Company as follows:

If there is any profit for the current fiscal year, the Company shall allocate 5% to 10% of the profit as employees’ compensation and shall allocate at a maximum of 3% of the profit as remuneration to directors, provided that the Company’s accumulated losses shall have been covered in advance.

The aforementioned income was calculated using the Company’s net income before income taxes without remunerations to employees and directors for each period. Employee remuneration will be distributed in cash or in the form of shares to the employees of the controlling companies and subsidiaries who meet certain criteria.

The distributable dividends and bonus in whole or in part or the legal reserve and capital reserved in whole or in part may be paid in cash after a resolution has been adopted by a

majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

In accordance with the August 2024 amendments to the Securities and Exchange Act, the Company's shareholders' meeting in 2025 approved the amendment of the Articles of Incorporation, specifying that no less than 50% of the aforementioned employee remuneration shall be allocated to entry-level employees.

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

	2025		2024	
	Percentage of estimate	Amount	Percentage of estimate	Amount
Employees' compensation	6.80%	\$ 7,300	8.03%	\$ 5,800
Directors' remuneration	2.92%	<u>\$ 3,130</u>	2.99%	<u>\$ 2,160</u>

Remuneration for employees and directors is recognized in accordance with the aforementioned Articles of Incorporation. Any changes in the amounts after the date the annual consolidated financial statements are authorized for issue are treated as changes in accounting estimates and recognized as an adjustment in the following year.

The 2024 and 2023 employees' compensation and director's and supervisor's remuneration were respectively resolved in the board meeting on March 7, 2025, and March 12, 2024, as follows:

	2024	2023
Employees' compensation	<u>\$ 5,800</u>	<u>\$ -</u>
Directors' remuneration	<u>\$ 2,160</u>	<u>\$ -</u>

There is no difference between the 2024 and 2023 employee's compensation and director's and supervisor's remuneration and the Company's 2024 and 2023 recognized fee estimates.

The information about appropriations of the Company's employees' compensation and remuneration to directors is available on the Market Observation Post System website.

(22) Income tax

A. Income tax expense recognized in profit or loss

The major components of tax expense (benefit) were as follows:

	2025	2024
Current tax		
Current year	\$ 9,305	\$ 1,587
Adjustments for prior year	-	(12)
Deferred tax		
Current year	<u>2,284</u>	<u>1,279</u>
Income tax expense recognized in profit or loss	<u>\$ 11,589</u>	<u>\$ 2,854</u>

A reconciliation of accounting profit and income tax expense was as follows:

	2025	2024
Profit before tax from continuing operations	<u>\$ 96,884</u>	<u>\$ 64,281</u>
Income tax expense calculated at the statutory rate	19,377	12,856
Effect of adjustments to income tax		
Non-deductible expenses in determining taxable income	173	219
Temporary difference	(3,922)	(10,848)

	2025	2024
Deferred tax	2,284	1,279
Investment deduction	(6,323)	(1,178)
Other	-	538
Adjustments for prior year	-	(12)
Income tax expense recognized in profit or loss	<u>\$ 11,589</u>	<u>\$ 2,854</u>

B. Recognized in other comprehensive income

	2025	2024
Remeasurement of defined benefit plans	<u>\$ 253</u>	<u>\$ (607)</u>

C. Deferred tax

The Company's movements of deferred tax assets and liabilities in 2025 and 2024 were as follows:

	January 1, 2025	Recognized as profit or loss	Recognized as OCI	December 31, 2025
Deferred tax assets				
Temporary difference				
Defined benefit plans	\$ 5,594	\$ (47)	\$ -	\$ 5,547
Inventory	6,662	(819)	-	5,843
Accounts receivables	3,953	3,207	-	7,160
Financial assets at fair value through profit or loss	6,884	(504)	-	6,380
Provision	1,922	(374)	-	1,548
Other payables	818	220	-	1,038
Deferred tax assets	803	187	-	990
	<u>\$ 26,636</u>	<u>\$ 1,870</u>	<u>\$ -</u>	<u>\$ 28,506</u>
Deferred tax liabilities				
Temporary difference				
Defined benefit plans	\$ 1,870	\$ -	\$ (253)	\$ 1,617
Inventory	2,864	4,214	-	7,078
Others	596	(60)	-	536
	<u>\$ 5,330</u>	<u>\$ 4,154</u>	<u>\$ (253)</u>	<u>\$ 9,231</u>
	January 1, 2024	Recognized as profit or loss	Recognized as OCI	December 31, 2024
Deferred tax assets				
Temporary difference				
Defined benefit plans	\$ 5,609	\$ (15)	\$ -	\$ 5,594
Inventory	8,793	(2,131)	-	6,662
Accounts receivables	3,666	287	-	3,953
Financial assets at fair value through profit or loss	4,488	2,396	-	6,884
Provision	1,353	569	-	1,922
Plant, property and equipment	319	(319)	-	-
Other payables	990	(172)	-	818
Deferred tax assets	1,880	(1,077)	-	803
	<u>\$ 27,098</u>	<u>\$ (462)</u>	<u>\$ -</u>	<u>\$ 26,636</u>
Deferred tax liabilities				
Temporary difference				
Defined benefit plans	\$ 1,263	\$ -	\$ 607	\$ 1,870
Inventory	2,610	254	-	2,864
Others	33	563	-	596
	<u>\$ 3,906</u>	<u>\$ 817</u>	<u>\$ 607</u>	<u>\$ 5,330</u>

D. Unrecognized unused tax credits in the parent company only balance sheet

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Machinery and equipment	\$ 5,949	\$ 3,538
R&D expenses	512	1,012
	<u>\$ 6,461</u>	<u>\$ 4,550</u>

Unrecognized investment tax credits will expire in 2027.

E. Unrecognized Temporary Differences for Deferred Tax Assets and Liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Investment using equity method	\$ (1,609)	\$ 29

F. Income tax assessment

As of March 10, 2026, the income tax returns of the Company through 2023 and its subsidiaries have been examined by the tax authorities.

(23) Capital management

The coating markets had been affected by the global demands which needs large amount of operating fund in the early of the year. The Company manages its capital risk to ensure sufficient financial resources and operational plan to meet the demand of necessary operating fund, capital expenditure, research and development expense, debt repayment, and dividend expenditure for the future. The Company had adjusted the proportion of liabilities to maintain the capital structures. The ratio of assets and liabilities as of December 31, 2025, and 2024, respectively were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Total of liabilities	\$ 1,184,713	\$ 1,208,812
Total of assets	2,456,515	2,462,230
Ratio of liabilities (%)	48.23	49.09

(24) Financial instruments

A. Categories of financial instruments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Financial assets		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 64,978	\$ 89,426
Financial assets at amortized cost – current	900	900
Notes and accounts receivables, net	403,351	431,834
Other notes receivables	44	532
Other receivables	621	243
Other current assets	465	1,581
Other noncurrent assets	986	1,459
Financial assets at fair value through profit or loss – noncurrent	28,995	26,472
Financial liabilities		
Financial liabilities at amortized cost		
Short-term loans	\$ 174,595	\$ 121,938
Notes and accounts payables	175,775	185,773
Other accounts payables	3,603	14,975
Other payables	101,299	96,689
Guarantee deposits	793	793
Long-term loans (including current portion)	670,718	739,691

B. Financial risk management objectives

The Company manages its exposure to risks relating to the operations through market risk (including foreign currency exchange risk and interest rate risk, etc.), credit risk, and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The plans for material treasury activities are reviewed by management in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, the Company must comply with certain treasury procedures that provide guiding principles for overall financial risk management.

C. Market risk

The Company's activities exposed them primarily to the financial risks of changes in foreign currency exchange rates.

a. Risks of foreign currency exchange rates

The Company's operating activities and investment in foreign are mainly denominated in foreign currencies and exposed to foreign currency risk. The Company used forward foreign exchange contracts to eliminate currency exposure. These foreign exchange forward contracts could reduce the influence of the exchange rate fluctuations on the Company's income.

The Company borrowed bank USD and Yen loans for the purposes of purchasing materials which have natural hedging effect with accounts receivables and avoids risks from the changes of the foreign currency.

The Company had not used derivatives financial instruments in 2025 and 2024.

The Company has not hedged certain foreign exchange risks that the Company is exposed to throughout its operation.

The Company's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 10% strengthening/weakening of the functional currency against U.S. dollars, the Company's net income before tax for January 1 to December 31, 2025, and 2024 would have decreased/increased by \$15,933 thousand and \$18,114 thousand, respectively. Assuming a 10% strengthening/weakening of the functional currency against Japanese Yen, the Company's net income after tax for each of the years ended December 31, 2025, and 2024 would have increased/decreased by \$2 thousand.

The information of financial assets and liabilities with major impact was as follows:

Unit: currency in thousand

Items	December 31, 2025		December 31, 2024	
	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate
Financial assets				
Monetary items				
USD	\$ 7,101	31.365	\$ 6,941	32.725
JPY	106	0.1979	106	0.2072
Financial liabilities				
Monetary items				
USD	751	31.365	22	32.725

The Company recognized gains on foreign exchange (including realized and unrealized) of \$(7,620) thousand and \$10,576 thousand in 2025 and 2024, respectively.

b. Interest rate risk

The sensitivity analysis of interest is performed based on the financial liabilities exposed to cash flow interest rate risk at the end of each reporting period. If interest rates had been 100 basis points higher/lower, the Company's pre-tax loss for year ended December 31, 2025, and 2024 would have decreased/increased by \$5,883 thousand and \$6,653 thousand, respectively.

The information of carrying amount of the fixed and floating interest rate as of the balance sheet date was as follows:

Items	December 31, 2025	December 31, 2024
Fixed rates		
Financial liabilities	\$ 110,000	\$ 30,000
Floating rate borrowing		
Financial assets	64,945	89,276
Financial liabilities	735,313	831,629

D. Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk mainly arises from trade receivables - operating, bank deposits, and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

Business related credit risk

In order to maintain the credit quality of trade receivables, the Company has established procedures to monitor and limit exposure to credit risk on trade receivables.

Credit evaluation is performed in the consideration of the relevant factors, such as financial condition, external and internal credit scoring, historical experience, and economic conditions, which may affect the customer's paying ability.

As of December 31, 2025, and December 31, 2024, the Company's ten largest customers accounted for 58% and 64% of its total trade receivables (including receivables from related parties), respectively. The Company believed that the concentration of credit risk is relatively insignificant for the remaining trade receivables.

Financial credit risk

The Company's exposure to financial credit risk which pertained to bank deposits and other financial instruments were evaluated and monitored by Corporate Treasury function. The Company only deals with creditworthy counterparties and banks so that no significant credit risk was identified.

E. Liquidity risk

The objective of liquidity risk management is to ensure the Company has sufficient liquidity to fund its business requirements of cash and cash equivalents and the unused of financing facilities associated with existing operations. The table below summarizes the maturity profile of the Company's financial liabilities based on contractual, undiscounted payments, including principal and estimated interest of bearing interest.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments, including principal and interest.

December 31, 2025	On Demand or Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Noninterest bearing	\$280,856	\$ -	\$ 614	\$ -	\$ -	\$28,470
Lease liabilities	1,152	932	2,495	1,224	-	5,803
Instruments using floating interests rate	121,748	57,153	199,445	115,111	241,856	735,313
Instruments using fixed interests rate	110,000	-	-	-	-	110,000

December 31, 2024	On Demand or Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Noninterest bearing	\$297,451	\$ -	\$ 779	\$ -	\$ -	\$298,230
Lease liabilities	1,698	1,728	2,317	500	-	6,243
Instruments using floating interests rate	145,091	53,153	212,612	132,611	288,162	831,629
Instruments using fixed interests rate	30,000	-	-	-	-	30,000

The Company's unused financing facilities as of December 31, 2025, and 2024 amounted to \$481,648 thousand and \$444,463 thousand.

F. Fair value of financial instrument

a. Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of non-financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or the fair values cannot be reliably measured.

b. Valuation techniques and assumptions used fair value measurement

Financial assets at fair value through profit or loss and financial assets at fair value through OCI are categorized under level 1 fair value.

The listed stocks, beneficiary certificates and global depositary receipts held by the Company are measured at fair value according to standard provision and conditions; the fair value is measured using the quoted price in an active market.

Financial instruments without an active market held by the Company are measured at fair value according to the market approach; the fair value is assessed by using the price-equity ratio and price-earnings ratio of the competitors.

c. Fair value measurements recognized in the consolidated balance sheet

December 31, 2025	Level 1	Level 2	Level 3	Total
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through profit or loss				
Stock	\$ -	\$ -	\$ 28,995	\$ 28,995
December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through profit or loss				
Stock	\$ -	\$ -	\$ 26,472	\$ 26,472

There was no transfer of measurements of fair value in the Company in 2025 and 2024.

(25) Earnings per share

	2025	2024
Basic earnings per share		
Net income attributable to shareholders	\$ 85,295	\$ 61,427
Weighted average number of common shares outstanding used in the computation of basic EPS (in thousands)	82,361	82,361
Basic earnings per share (dollar)	\$ 1.04	\$ 0.75
Diluted earnings per share		
Net income attributable to shareholders	\$ 85,295	\$ 61,427
Weighted average number of common shares outstanding used in the computation of basic EPS (in thousands)	82,361	82,361
Employees compensation	475	347
Effects of all dilutive potential common shares (in thousands)	82,836	82,708
Diluted earnings per share (dollar)	\$ 1.03	\$ 0.74

The Company may settle compensation or bonuses paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such a dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

(26) Non-cash transaction

Investing and financing activities which were not listed in the statement of cash flows in 2025 and 2024 were as follows:

A. Financing activities that will not have effect on cash flows

	December 31, 2025	December 31, 2024
Current portion of long-term loans payable	\$ 114,306	\$ 106,306

B. Investing activities of property, plant and equipment

	2025	2024
Additions of property, plant and equipment	\$ (23,535)	\$ (23,007)
Changes in other notes payables	(11,372)	(518)
Changes in other accounts payables	1,671	(357)
Payments for acquisition of property, plant and equipment	\$ (33,236)	\$ (23,882)

C. Investing activities of intangible assets

	2025	2024
Additions of intangible assets	\$ (206)	\$ (1,669)
Prepayments for equipment	-	1,116
Payments for acquisition of intangible assets	\$ (206)	\$ (553)

7. Related-party transactions

(1) Related party name and categories

Related Party Name	Related Party Categories
MIRACLE TEXTILE INDUSTRY CO., LTD.	Subsidiary
HOR JING CORP.	Others
HTM MATERIAL CO., LTD.	Others
WADA TECHNOLOGY CO., LTD.	Others
PANEL TRADING CO., LTD.	Others

<u>Related Party Name</u>	<u>Related Party Categories</u>
LEGO STONE CO., LTD.	Others
CHIA CHERNG INDUSTRY CO., LTD.	Others
Wu, Li Hsueh	Others
Chen Wu, Li Show	Others

(2) Operating revenue

<u>Accounts</u>	<u>Category</u>	<u>2025</u>	<u>2024</u>
Sales revenue	Subsidiary	\$ 19,518	\$ 34,504
	Other	91,830	74,054
		<u>\$ 111,348</u>	<u>\$ 108,558</u>

The sales price to related parties was determined based on normal market terms. The collection terms for related parties were 45 to 120 days after monthly closing.

(3) Purchases

	<u>2025</u>	<u>2024</u>
Subsidiary	\$ -	\$ 2,941
Other	6,350	3,767
	<u>\$ 6,350</u>	<u>\$ 6,708</u>

The purchase prices to related parties were determined based on normal market terms. The payment terms for related parties were 30 to 60 days after monthly closing.

(4) Accounts receivable-related parties

<u>Accounts</u>	<u>Category</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Notes receivable	Subsidiary	\$ 4,190	\$ 4,991
Accounts receivable	Subsidiary	\$ 985	\$ 1,969
	Other	24,936	36,711
		<u>\$ 25,921</u>	<u>\$ 38,680</u>

The Company had no insurance for those outstanding accounts receivable from related parties.

(5) Accounts payables, related parties

<u>Accounts</u>	<u>Category</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payables	Others	\$ -	\$ 2,558
Other accounts payables	Others	\$ 49	\$ 26

Balance of lease liability was not pledged as collateral.

(6) Acquisition of property, plant and equipment

	<u>2025</u>	<u>2024</u>
Subsidiary	\$ -	\$ 1,044

(7) Lease agreements

<u>Accounts</u>	<u>Category</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Lease liability	Others	\$ -	\$ 1,095

<u>Accounts</u>	<u>Category</u>	<u>2025</u>	<u>2024</u>
Interest expense	Others	\$ 6	\$ 20

(8) Other

A. Guarantee deposits (recognized as other noncurrent assets)

	December 31, 2025	December 31, 2024
Others	\$ 220	\$ 220

B. Operating-commission expense

	2025	2024
Others	\$ 207	\$ 179

C. Operating-entertainment fees

	2025	2024
Subsidiary	\$ -	\$ 20
Others	23	-
	\$ 23	\$ 20

D. Administrative-supplies expense

	2025	2024
Subsidiary	\$ -	\$ 1

E. Administrative- entertainment fees

	2025	2024
Subsidiary	\$ -	\$ 4

F. Administrative- other expenses

	2025	2024
Subsidiary	\$ -	\$ 1

(9) Management's remuneration

Directors, supervisors, and the management's remuneration were as follows:

	2025	2024
Short-term benefits	\$ 26,663	\$ 24,666
Post-employment benefits	521	455
	\$ 27,184	\$ 25,121

The compensation to directors and other key management personnel was determined by the compensation committee of the Company in accordance with the individual performance and market trends.

8. Assets Pledged as Collateral

Assets	Purposes	December 31, 2025	December 31, 2024
Land	Long-term and short-term loans	\$ 642,154	\$ 642,154
Buildings	Long-term and short-term loans	393,567	405,868
Financial assets at amortized cost – current	Custom duty deposits	900	900
		\$ 1,036,621	\$ 1,048,922

9. Significant Contingencies and Unrecognized Contract Commitments

- (1) For the purpose of purchasing materials, the amount of the L/C of the Company had issued but not yet used were \$34,268 thousand and \$42,010 thousand for the years ended in 2025 and 2024.
- (2) The Company signed contracts regarding to the purchase of equipment which were not recognized in were \$21,051 thousand and \$57,811 thousand for the years ended in 2025 and 2024.

10. Significant Disasters Loss: None

11. Significant Subsequent Events: None

12. Others: None.

13. Other Disclosures

- (1) Information on significant transactions
 - A. Loans to other parties: None
 - B. Guarantees and endorsements for other parties: None
 - C. Securities held as of December 31, 2025 (excluding investment in subsidiaries): Please refer to Table 1.
 - D. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None
 - E. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
 - F. Business relationships and significant intercompany transactions: Please refer to Table 2.
- (2) Information of investees: Please refer to Table 3.
- (3) Information on investment in Mainland China:
 - A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 4.
 - B. Any of the following significant transactions with investee companies in the mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
 - (a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None
 - (b) The amount and percentage of sales and the balance and percentage of the related receivable at the end of the period: None
 - (c) The number of property transactions and the amount of the resultant gains or losses: None.
 - (d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
 - (e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds: None.
 - (f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

14. Operating segment information

The Company has disclosed operating segment information in the consolidated financial statements in accordance with IFRS 8. Accordingly, such information is not separately disclosed in the parent company only financial statements.

Table 1

Shuang Bang Industrial Corporation
Securities held as of December 31, 2025
(Excluding investment in subsidiaries)
(Amounts in Thousands of New Taiwan Dollars and Thousands of Shares, Unless Specified Otherwise)

Name of holder	Category and name of security (note 1)	Relationship with company	Account title	Ending balance (note 2)				Note Shares
				Shares	Carrying amount	Shares	Carrying amount	
Shuang Bang Industrial Corporation	Stock-LOYAL SPLENDOR INT'L LTD.(Seychelles)	-	Financial assets at fair value through profit or loss – non-current	540	10,961	18.00	10,961	(Note 3)
Shuang Bang Industrial Corporation	Stock-GRAND AND GREAT CORPORATION LIMITED (Samoa)	-	Financial assets at fair value through profit or loss – non-current	1,400	18,014	3.33	18,014	(Note 3)

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 “Financial instruments.

Note 2: Refer to the note 6(5) in consolidated financial statements.

Note 3: The number of shares of securities were not provided as collateral, pledged for loans, or subject to any other contractual restrictions on their use under certain agreements.

Note 4: This table includes the marketable securities disclosed by the Company based on the principle of materiality.

Shuang Bang Industrial Corporation
Business relationship and significant intercompany transactions
For year ended December 31, 2025
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Number (Note1)	Name of Company	Name of counterparty	Nature of relationship (Note2)	Intercompany transactions			
				Items	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (Note3)
0	Shuang Bang Industrial Corporation	Miracle textile industry Co., LTD.	1	Sales revenue	19,518	-	1.10
				Notes receivables – related party	4,190	Net 75-120 days	0.17
				Accounts receivables – related party	985	Net 75-120 days	0.04

Note1: Numbers are filled in as follows:

1.0 represents the parent company.

2. Subsidiaries are numbered from 1.

Note 2: Nature of relationship: 1. From parent to subsidiary. ; 2. From subsidiary to parent. 3. Between subsidiaries. Related party transactions are not separately disclosed.

Note 3: Regarding the percentage of transaction amount to consolidated total operating revenues or total assets, it is calculated based on ending balance of transaction to total assets for balance sheet accounts and based on accumulated transaction amount for the period to total operating revenues for income statement accounts.

Shuang Bang Industrial Corporation and Subsidiaries
Information of investees
For year ended December 31, 2025
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main business and products	Total amount of paid-in capital	Method of investment	Original investment amount		Balance as of December 31, 2025			Net loss (Note1)	Investment income (loss) (Note1)	Note
				Outflow	Inflow	Shares (in thousands)	Percentage of ownership%	Carrying value			
Shuang Bang Industrial Corporation	Miracle Textile Industry Co., Ltd.	TW	Manufacturing of coatings	22,517	22,517	2,225	44.50	22,197	18,402	8,189	Subsidiary

Note1: Recognized based on the financial statements audited by certified public accountants.

Shuang Bang Industrial Corporation
Information of investment in Mainland China
For year ended December 31, 2025
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2025 (note 3)	Investment flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2025	Net Income / Losses of the Investee Company	Percentage of Ownership	Share of Profits /Losses	Carrying Amount as of Balance as of December 31, 2025 (note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2025
					Outflow	Inflow						
-	-	-	-	-	-	-	-	-	-	-	-	-

Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (note 1)
24,849	24,849	763,081

Note1: The net value of the stocks on the balance sheet date by 1,271,802 thousand * 0.6 = 763,081 thousand dollars.

Note2: The above amounts were translated into New Taiwan dollars at the prevailing exchange rate as of December 31, 2025, except for the original investment.

Note3: The Company did not have any investments in Mainland China currently.

Shuang Bang Industrial Corporation
Statements of Major Accounting items
For the year ended 2025

Shuang Bang Industrial Corporation
Statement of cash and cash equivalents
December 31, 2025

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

Items	Description	Amount	Note
Cash		\$ 246	
Check Deposit		687	
Demand Deposit		45,892	
Foreign currency deposit	USD 577,761.01, JPY 290, HKD 6.11, EUR 0.83 and RMB 1.65	18,153	USD \$1 = NT\$ 31.42 JPY \$1 = NT\$ 0.2008 HKD \$1 = NT\$ 4.040 EUR \$1 = NT\$ 36.91 RMB \$1 = NT\$ 4.503
Total		\$ 64,978	

Shuang Bang Industrial Corporation
Statement of notes receivable
December 31, 2025
(Amounts in Thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
Related party, arising from operating			
Company H1	Notes receivable from operating revenue	\$ 6,593	The amount of individual clients included in others does not exceed 5% of the account balance.
Company C1	"	6,239	
Company Y1	"	5,419	
Others	"	33,411	
Subtotal		51,662	
Less: Allowance for doubt accounts		-	
Net amount from non-related person		51,662	
Related party			
Company T1	Notes receivable from operating revenue	4,190	
Subtotal		4,190	
Less: Allowance for doubt accounts		-	
Net amount from non-related person		4,190	
Total		\$ 55,852	

Shuang Bang Industrial Corporation
Statement of accounts receivable
December 31, 2025
(Amounts in Thousands of New Taiwan Dollars)

\	Description	Amount	Note
Non-Related Parties			
Company B	Accounts receivable from operating revenue	\$ 67,532	The amount of individual clients included in others does not exceed 5% of the account balance.
Company T2	"	27,458	
Company H2	"	20,395	
Company J	"	19,916	
CompanyH1	"	19,527	
CompanyT3	"	18,283	
Others	"	148,690	
Subtotal		321,801	
Less: Allowance for doubt accounts		(223)	
Net amount of non-related parties		321,578	
Related Parties			
Others	Accounts receivable from operating revenue	25,921	The amount of individual clients included in others does not exceed 5% of the account balance.
Less: Allowance for doubt accounts		-	
Net amount of related parties		25,921	
Total		\$ 347,499	

Shuang Bang Industrial Corporation
Statement of other accounts receivable
December 31, 2025
(Amounts in Thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Non-related party Advance payment	Expenses advanced for utilities, maintenance, and related costs	\$621	
Total		\$621	

Shuang Bang Industrial Corporation
Statement of inventories
December 31, 2025
(Amounts in Thousands of New Taiwan Dollars)

Item	Amount		Notes
	Cost	Net realizable value	
Goods	\$14,596	\$13,593	Net realizable value as market price
Finished goods	157,425	249,541	Net realizable value as market price
Semi-finished goods	9,886	857	Net realizable value as market price
Work In Process	15,648	15,648	Net realizable value as market price
Raw materials	79,259	74,948	Replacement value as market price
Supplies and spare parts	26,243	21,534	Replacement value as market price
Subtotal	303,057		
Less: Provision for inventory write-downs	(28,252)		
Total	\$274,805	\$376,121	

Shuang Bang Industrial Corporation
Statement of Financial assets at fair value through profit or loss, noncurrent
For the year ended December 31, 2025

(Amounts in Thousands of New Taiwan Dollars and Thousands of Shares, Unless Specified Otherwise)

Name	Balance, January 1, 2025		Additions in Investment		Decrease in Investment		Balance, December 31, 2025		Pledged as collateral
	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value	
Stock-Nangang Cooperatives for common labors	200 shares	\$20	\$ -	\$ -	\$ -	\$ -	200 shares	\$20	Nil
LOYAL SPLENDOR INT'L LTD.(Seychelles)	540	9,176	-	1,785	-	-	540	10,961	Nil
GRAND AND GREAT CORPORATION LIMITED (Samoa)	1,400	17,276	-	738	-	-	1,400	18,014	Nil
Total	-	\$26,472	\$ -	\$ 2,523	\$ -	\$ -	-	28,995	

Shuang Bang Industrial Corporation
Statement of Changes in Investment accounted for using equity method noncurrent
For the year ended December 31, 2025

(Amounts in Thousands of New Taiwan Dollars and Thousands of Shares, Unless Specified Otherwise)

Name	Balance, January 1, 2025		Additions in investment		Decrease in Investment		Balance, December 31, 2025			Market value or Net assets value		Pledged as collateral
	Share	Amount	Share	Amount	Share	Amount	Share	Ownership %	Amount	Unit price (dollar)	Total	
Miracle Textile Industry Co., Ltd.	2,225	\$14,071	-	8,126	-	-	2,225	44.50	\$22,197	\$10	\$22,197	Nil
Total	-	14,071	-	8,126	-	-	-		22,197	-	22,197	

Shuang Bang Industrial Corporation
Statement of Change in right-of-use assets
For the year ended December 31, 2025
(Amounts in Thousands of New Taiwan Dollars)

Items	Balance, January 1, 2025	Additions	Decrease	Balance, December 31, 2025	Note
Buildings	\$ 3,244	\$ -	\$ (3,244)	\$ -	
Transportation	11,913	2,974	(3,119)	11,768	
Total	\$ 15,157	\$ 2,974	\$ (6,363)	\$ 11,768	

Shuang Bang Industrial Corporation
Statement of depreciation of right-of-use assets
For the year ended December 31, 2025
(Amounts in Thousands of New Taiwan Dollars)

Items	Balance, January 1, 2025	Additions	Decrease	December 31, 2025	Note
Buildings	\$ 2,162	\$ 1,082	\$ (3,244)	\$ -	
Transportation	6,753	2,379	(3,119)	6,013	
Total	\$ 8,915	\$ 3,461	\$ (6,363)	\$ 6,013	

Shuang Bang Industrial Corporation
Securities held as of December 31, 2025
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Type	Carrying amount	Period	Percentage of ownership (%)	Credit for financing	Collateral
Operating fund					
Taiwan Business Bank	\$40,000	2025.08.15~2026.06.10	Note1	50,000	None
Mega Bank	10,000	2025.07.30~2026.06.28	Note1	Note2	Land and Plant
Hua Nan Bank	50,000	2025.11.14~2026.06.17	Note1	200,000	Land and Plant
Chang Hwa Commercial Bank	20,000	2025.07.14~2026.01.14	Note1	60,000	None
Inland L/C					
Mega Bank	53,339	2025.07.30~2026.06.28	Note1	Note2	Land and Plant
Foreign L/C					
Mega Bank	1,256	2025.07.30~2026.06.28	Note1	Note2	Land and Plant
Total	\$174,595				

Note1: The short-term interest rates of borrowing as of December 31, 2025 was 1.87%~2.00%.

Note2: The credit amount in Mega Bank was USD 3,493 thousand.

Shuang Bang Industrial Corporation
Statement of Notes payable
December 31, 2025
(Amounts in Thousands of New Taiwan Dollars)

Customer Name	Description	Amount	Note
Nonrelated party, arising from operating Company A	Loans	\$37	
Subtotal		\$37	
Nonrelated party, arising not from operating			
Company D1	Purchase of property, plant and equipment	1,116	
Company C2	"	850	
Company H3	"	408	
Company D2	"	283	
Company C3	"	204	
Others	"	742	
Subtotal		3,603	The amount of individual clients included in others does not exceed 5% of the account balance.
Total		\$3,640	

Shuang Bang Industrial Corporation
Statement of Notes payable
December 31, 2025
(Amounts in Thousands of New Taiwan Dollars)

Supplier Name	Description	Amount	Note
Nonrelated party			
Company C4	Loans	\$11,745	The amount of individual clients included in others does not exceed 5% of the account balance.
Company Y2	//	10,091	
Others	//	153,902	
Subtotal		\$175,738	
Total		\$175,738	

Shuang Bang Industrial Corporation
Statement of Other accounts payable
December 31, 2025
(Amounts in Thousands of New Taiwan Dollars)

Supplier Name	Description	Amount	Note
Nonrelated party			
Salary and bonus payables	Salary and bonus	\$38,374	The amount of individual clients included in others does not exceed 5% of the account balance.
Employee compensation payable	Employee compensation	7,300	
Other	Pension, equipment and miscellaneous expenses	55,576	
Subtotal		101,250	
Related party			
Company H4	Sales Commissions	49	
Subtotal		49	
Total		\$101,299	

Shuang Bang Industrial Corporation
Statement of Lease Liabilities
December 31, 2025
(Amounts in Thousands of New Taiwan Dollars)

Item	Lease Period	Discount rate (%)	Ending balance	Note
Buildings	3 years	1.272	\$ -	
Transportation	5 years	0.967~1.956	5,613	
Total			\$5,613	

Shuang Bang Industrial Corporation
Statement of Long-term Liabilities
December 31, 2025
(Amounts in Thousands of New Taiwan Dollars)

Creditor	Description	Amount due within 1 year	Amount due after 1 year	Contract Period	Interest rate%	Pledged or collateral
Chang Hwa Commercial Bank	Secured long-term loans	\$26,231	\$194,545	2019.05.09~2034.05.09	1.925	Land and plant
Hua Nan Bank	Secured medium-term loans	50,000	70,833	2023.05.25~2028.05.25	2.110	Land and plant
Mega Bank	Secured long-term loans	20,075	232,534	2023.07.27~2038.07.27	2.080	Land and plant
Mega Bank	Secured medium-term loans	10,000	29,167	2024.11.06~2039.11.06	2.130	Land and plant
Bank of Taiwan	Unsecured medium-term loans	8,000	29,333	2025.08.25~2030.08.25	1.998	None
Total		114,306	556,412			

Note: As of December 31, 2025, the interest rate was between 1.925% to 2.130% for long-term loans.

Shuang Bang Industrial Corporation
Statement of Sales Revenue
For the year ended December 31, 2025
(Amounts in Thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Coatings	19,101 thousand yards	\$ 843,755	The amount of individual clients, included in others, does not exceed 10% of the account balance.
Hardener	2,706 tons	374,203	
Thermoplastic Polyurethane	917 tons and 772 thousand yards	222,124	
Others	-	323,362	
Additional Processing Revenue	Revenue of additional processing for the customers	18,413	
Subtotal		\$ 1,781,857	
Less: Sales Returns		(5,390)	
Sales Discounts		(6,983)	
Total		\$ 1,769,484	

Shuang Bang Industrial Corporation
Statement of Operating Costs
For the year ended December 31, 2025
(Amounts in Thousands of New Taiwan Dollars)

Items	Amount
Inventory, January 1	\$ 13,863
Add: Net amount of purchase for the period	70,699
Less: Ending inventory	(14,596)
Less: Others (transferred to other operating costs)	(657)
Cost of Goods Sold	69,309
Raw Material, January 1	76,117
Add: Net amount of purchase for the period	786,112
Others (transferred from WIP)	3,812
Less: Material, December 31	(79,259)
Sold of Materials	(23,516)
Other (transferred to other operating costs and operating expenses, etc.)	(13,656)
Consumption of Raw Materials	749,610
Consumption materials, January 1	31,183
Add: Net amount of purchase for the period	127,139
Others (transferred from WIP)	617
Less: Consumption Material, December 31	(26,243)
Sold of Consumption Materials	(26)
Other (transferred to other operating costs and operating expenses, etc.)	(39,037)
Consumption of Materials	93,633
Direct Labor	146,086
Operating Expenses	428,215
Operating Costs	1,417,544
Add: WIP, January 1	10,263
Less: WIP, December 31	(15,648)
Add: Semi-finished goods, January 1	10,555
Less: Semi-finished goods, December 31	(9,886)
Add: Others (adjustments of semi-finished goods)	246
Less: Others (transferred to other operating costs and operating expenses, etc.)	(21,411)
Add: Finished goods, January 1	145,987
Less: Finished goods, December 31	(157,425)
Add: Others (adjustments of semi-finished goods)	266
Less: Others (transferred to other operating costs and operating expenses, etc.)	(55,338)
Total amount of cost of goods sold	1,325,153
Add: Others (sales of raw materials, coating expenses and allowance for inventory loss)	112,569
Less: Others (revenues from sales of scraps)	(6,476)
Operating Costs	1,500,555

Shuang Bang Industrial Corporation
Statement of Operating Expenses
For the year ended December 31, 2025
(Amounts in Thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Depreciation	Depreciation expense for the period	\$84,978	
Utilities Expense	Factory Utilities expense	84,449	
Waste Disposal Fees	Maintenance of administrative center	81,042	
Salary Expense	Salary, overtime paid and profit sharing	47,415	
Other operating expenses	Security service expenses	30,818	
Insurance expenses	Labor, health and equipment insurance expenses	29,773	
Environmental Processing Fees	Management Center Maintenance and Other Expenses	28,437	
Others	Additional processing, maintenance and insurance fees	41,303	The amount of individual clients included in others does not exceed 5% of the account balance.
Total		\$428,215	

Shuang Bang Industrial Corporation
Statement of Selling Expenses
For the year ended December 31, 2025
(Amounts in Thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Salary	Salary, overtime paid and profit sharing	\$28,153	
Export	Export Selling	16,321	
Freight	Freight sold of goods	7,434	
Others	Sampling, commission, and insurance expenses	15,981	The amount of individual clients included in others does not exceed 5% of the account balance.
Total		\$67,889	

Shuang Bang Industrial Corporation
Statement of General Expenses
For the year ended December 31, 2025
(Amounts in Thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Salary	Salary, overtime paid and profit sharing	\$37,703	
Other expenses	Annual party and traveling expenses for directors	8,789	
Depreciation	Depreciation expense for the period	6,083	
Professional fees	Accountant certification and consulting fees	4,920	
Others	Insurance expenses, employees' welfare, and professional technology	12,963	The amount of individual clients included in others does not exceed 5% of the account balance.
Total		\$70,458	

Shuang Bang Industrial Corporation
Statement of Research and Development Expenses
For the year ended December 31, 2025
(Amounts in Thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Salary	Salary, overtime paid and profit sharing	\$13,936	
Other expense	Commissioned research expenses and consumable equipment	8,316	
Depreciation	Depreciation expense for the period	1,379	
Others	Pension, amortization, and meal allowance	3,614	The amount of individual clients included in others does not exceed 5% of the account balance.
Total		\$27,245	

Shuang Bang Industrial Corporation
Summary of employee's welfare, depreciation and amortization by functions
For the year ended December 31, 2025
(Amounts in Thousands of New Taiwan Dollars)

	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employees' benefit						
Salary Expenses	\$192,734	\$ 75,301	\$268,035	\$184,202	\$ 76,832	\$261,034
Labor and health insurance	19,736	7,548	27,284	17,165	6,751	23,916
Pension Expenses	6,606	3,878	10,484	5,620	3,611	9,231
Boards' remuneration	-	4,490	4,490	-	3,150	3,150
Others	6,910	3,644	10,554	6,033	3,748	9,781
	<u>\$225,986</u>	<u>\$ 94,861</u>	<u>\$320,847</u>	<u>\$213,020</u>	<u>\$ 94,092</u>	<u>\$307,112</u>
Depreciation	<u>\$ 87,364</u>	<u>\$ 9,090</u>	<u>\$ 96,454</u>	<u>\$ 83,309</u>	<u>\$ 9,187</u>	<u>\$ 92,496</u>
Amortization	<u>\$ 424</u>	<u>\$ 1,038</u>	<u>\$ 1,462</u>	<u>\$ 583</u>	<u>\$ 1,055</u>	<u>\$ 1,638</u>

Note 1: As of December 31, 2025, and 2024, the Company had 375 and 355 employees, respectively. There were 7 non-employee directors.

Note 2: Average labor costs were NT\$860 thousand and NT\$873 thousand in 2025 and 2024, respectively. Average salary and bonus were NT\$728 thousand and NT\$750 thousand in 2025 and 2024, respectively.

Note 3: Average employee salary and benefits expense represented decrease by 2.93%.

Note 4: The Company's compensation policies:

- (1) The Company's employees are entitled to a comprehensive compensation and benefits program above the industry average. The compensation program includes a monthly salary, business performance bonuses based on quarterly business results, a profit-sharing bonus based on annual profits, and a subsidy based on Employee Stock Purchase Plan. The Company determines the amount of the business performance bonus and profit sharing based on operating results and industry practice in the R.O.C. The amount and distribution of the bonus and profit sharing are recommended by the Compensation Committee (Note 8) to the Board of Directors for approval. Individual rewards are based on each employee's job responsibility, contribution, and performance.
- (2) The Company's compensation policies: The Company's employees are entitled to a comprehensive compensation and benefits program above the industry average. The compensation program includes a monthly salary, business performance bonuses based on quarterly business results, a profit-sharing bonus based on annual profits

(3) The total compensation paid to the executive officers is decided based on their job responsibility, contribution, company performance and projected future risks the Company will face. It is reviewed by the Compensation Committee then submitted to the Board of Directors for approval.

Please refer to note 6(7) for movements of property, plant and equipment.

Please refer to note 6(7) for movements of property, plant and equipment and accumulated depreciation.

Please refer to note 6(9) for statements of intangible assets.

Please refer to note 6(10) for statements of other noncurrent assets.

Please refer to note 6(14) for statements of current provision assets.