

Stock Code:6506

Shuang-Bang Industrial Corporation and Subsidiaries

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

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REPRESENTATION LETTER

The entities that are required to be included in the consolidated financial statements of Shuang-Bang Corporation as of and for the year ended December 31, 2025, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Shuang-Bang Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Company name: Shuang-Bang Corporation

Chairman: Chang, Chung-Tang

Date: March 10, 2026

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Shuang-Bang Industrial Corporation and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2025, and 2024, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of accounting policies

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) and the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of 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 consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated 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 Group's consolidated financial statements for the year ended December 31, 2025, is 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 consolidated financial statements.

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 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 consolidated financial statements.

Other Matter

Shuang-Bang Corporation has additionally prepared its parent-company-only financial statements as of the year ended December 31, 2025, and 2024, on which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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 consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated 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 consolidated financial statements shall prevail.

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated 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)	\$ 103,287	4.08	\$ 120,265	4.77
1137	Financial assets at amortized cost -current	6(2)	900	0.04	900	0.04
1150	Notes receivables, net	6(3)	57,489	2.27	58,792	2.33
1152	Other notes receivables	6(3)	44	-	532	0.02
1170	Accounts receivables, net	6(3)	342,875	13.54	350,693	13.92
1180	Accounts receivables from related parties, net	6(3), 7	24,936	0.98	36,711	1.46
1200	Other receivables		830	0.03	768	0.03
1220	Current tax assets		10,986	0.43	10,976	0.44
130X	Inventories	6(4)	280,325	11.07	260,633	10.35
1470	Other current assets		14,649	0.58	17,409	0.69
11XX	Total current assets		<u>836,321</u>	<u>33.02</u>	<u>857,679</u>	<u>34.05</u>
Noncurrent Assets						
1510	Financial assets at fair value through profit or loss -non-current	6(5)	28,995	1.14	26,472	1.05
1600	Property, plant and equipment	6(6)	1,573,206	62.11	1,453,222	57.69
1755	Right-of-use assets	6(7)	30,301	1.20	10,279	0.41
1780	Intangible assets	6(8)	1,808	0.07	3,064	0.12
1840	Deferred income tax assets	6(21)3	29,347	1.16	32,098	1.27
1900	Other noncurrent assets	6(9), 7	32,938	1.30	136,154	5.41
15XX	Total noncurrent assets		<u>1,696,595</u>	<u>66.98</u>	<u>1,661,289</u>	<u>65.95</u>
1XXX	Total assets		<u>\$ 2,532,916</u>	<u>100.00</u>	<u>\$ 2,518,968</u>	<u>100.00</u>

(Continued)

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated 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(10)	\$ 174,595	6.89	\$ 122,988	4.88
2151	Notes payables	6(11)	4,575	0.18	4,698	0.19
2152	Other notes payables	6(11)	4,272	0.17	15,594	0.62
2170	Accounts payables	6(11)	178,309	7.04	185,097	7.35
2180	Accounts payables from related parties	6(11),7	-	-	2,558	0.10
2200	Other accounts payables	6(12)	109,149	4.31	102,881	4.09
2220	Other accounts payables from related parties	6(12),7	49	-	26	-
2230	Income tax payables		7,878	0.31	-	-
2250	Provision for warranty obligations-current	6(13)	9,410	0.37	11,082	0.44
2281	Lease liabilities from third parties	6(7)	7,460	0.30	5,877	0.23
2282	Lease liabilities from related parties	6(7), 7	-	-	1,095	0.04
2300	Other current liabilities	6(14)	7,117	0.28	8,581	0.34
2322	Current portion of long-term loans payable	6(15)	116,449	4.60	111,306	4.42
21XX	Total current Liabilities		<u>619,263</u>	<u>24.45</u>	<u>571,783</u>	<u>22.70</u>
	Noncurrent Liabilities					
2540	Long-term loans	6(15)	560,162	22.12	647,135	25.69
2570	Deferred income tax payable	6(21)3	9,235	0.36	5,334	0.21
2581	Lease liabilities from third parties-non current	6(7)	22,843	0.90	3,362	0.13
2630	Long-term deferred revenue		-	-	511	0.02
2640	Net defined benefit liability -non current	6(17)	20,643	0.81	18,618	0.74
2645	Guarantee deposits		893	0.04	893	0.04
25XX	Total noncurrent liabilities		<u>613,776</u>	<u>24.23</u>	<u>675,853</u>	<u>26.83</u>
2XXX	Total Liabilities		<u>1,233,039</u>	<u>48.68</u>	<u>1,247,636</u>	<u>49.53</u>
	Equity Attributable to Shareholders of the Parent					
3100	Capital Stock	6(18)1				
3110	Common stock		823,608	32.52	823,608	32.70
3200	Capital surplus	6(18)2	10,615	0.42	10,586	0.42
3300	Retained earnings					
3310	Appropriated as legal capital reserve		175,430	6.92	169,093	6.71
3350	Unappropriated earnings	6(18)3	262,149	10.35	250,131	9.93
31XX	Equity Attributable to shareholders of the Parent		<u>1,271,802</u>	<u>50.21</u>	<u>1,253,418</u>	<u>49.76</u>
36XX	Non-Controlling Interests		<u>28,075</u>	<u>1.11</u>	<u>17,914</u>	<u>0.71</u>
3XXX	Total Equity		<u>1,299,877</u>	<u>51.32</u>	<u>1,271,332</u>	<u>50.47</u>
	Total Liabilities and Equity		<u>\$ 2,532,916</u>	<u>100.00</u>	<u>\$ 2,518,968</u>	<u>100.00</u>

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

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated 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(19), 7	\$ 1,875,443	100.00	\$ 1,907,839	100.00
5000	Cost of revenues	7	(1,575,170)	(83.99)	(1,647,242)	(86.34)
5900	Gross profit		300,273	16.01	260,597	13.66
	Operating expenses					
6100	Sales and marketing	7	(72,976)	(3.89)	(78,891)	(4.14)
6200	General and administrative		(75,191)	(4.01)	(81,858)	(4.29)
6300	Research and development		(27,245)	(1.45)	(36,364)	(1.91)
6450	Expected credit gain		314	0.02	5,433	0.29
6000	Total operating expenses		(175,098)	(9.33)	(191,680)	(10.05)
6900	Operating income		125,175	6.68	68,917	3.61
	Non-operating income and expenses					
7010	Other income	6(20)1	11,749	0.63	18,664	0.98
7020	Other gains and loss	6(20)2	(8,975)	(0.48)	(2,446)	(0.13)
7050	Finance costs	6(20)4, 7	(17,034)	(0.91)	(16,051)	(0.84)
7100	Interest income		825	0.04	1,542	0.08
7000	Total non-operating income and expenses		(13,435)	(0.72)	1,709	0.09
7900	Profit before tax		111,740	5.96	70,626	3.70
7950	Less: Income tax expense	6(21)1	(16,232)	(0.87)	(21,443)	(1.12)
8200	Net Income	6(20)	95,508	5.09	49,183	2.58
	Other comprehensive income					
8310	Items that may not be reclassified subsequently to profit or loss					
8311	Remeasurements of defined benefit obligation	6(17)2(5)	(1,379)	(0.07)	3,037	0.16
8349	Income tax benefit (expense) related to items that will not be reclassified subsequently	6(21)2	276	0.01	(607)	(0.03)
8300	Other comprehensive (loss) income		(1,103)	(0.06)	2,430	0.13
8500	Total comprehensive income		\$ 94,405	5.03	\$ 51,613	2.71
8600	Net income attributable to:					
8610	Shareholders of the parent		\$ 85,295	4.55	\$ 61,427	3.22
8620	Non-controlling interests		\$ 10,213	0.54	\$ (12,244)	(0.64)
8700	Total comprehensive income attribute to:					
8710	Shareholders of the parent		\$ 84,244	4.49	\$ 63,857	3.35
8720	Non-controlling interests		\$ 10,161	0.54	\$ (12,244)	(0.64)
	Earnings per share	6(24)				
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 and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2025, and 2024
(In thousands of New Taiwan Dollars)

Items	Notes	Equity attribute to the parent company							
		Retained earnings					Subtotal of equity attributable to the shareholders of the parer 31XX	Non-controlling interests 36XX	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	A1	\$ 823,608	\$ 10,557	\$ 169,093	\$ 219,708	\$ 388,801	\$ 1,222,966	\$ 33,339	\$ 1,256,305
Cash dividends	B5	-	-	-	(32,945)	(32,945)	(32,945)	-	(32,945)
Changes in capital surplus	C17	-	29	-	-	-	29	-	29
Net income for the period	D1	-	-	-	61,427	61,427	61,427	(12,244)	49,183
Other comprehensive income for the period	D3	-	-	-	2,430	2,430	2,430	-	2,430
Total comprehensive income for the period	D5	-	-	-	63,857	63,857	63,857	(12,244)	51,613
Changes in ownership equity of subsidiaries	M7	-	-	-	(489)	(489)	(489)	489	-
Non-controlling Interest	O1	-	-	-	-	-	-	(3,670)	(3,670)
Balance on December 31, 2024	Z1	\$ 823,608	\$ 10,586	\$ 169,093	\$ 250,131	\$ 419,224	\$ 1,253,418	\$ 17,914	\$ 1,271,332
Appropriations of earnings of legal reserve	B1	-	-	6,337	(6,337)	-	-	-	-
Cash dividends	B5	-	-	-	(65,889)	(65,889)	(65,889)	-	(65,889)
Changes in capital surplus	C17	-	29	-	-	-	29	-	29
Net income for the period	D1	-	-	-	85,295	85,295	85,295	10,213	95,508
Other comprehensive income (loss) for the period	D3	-	-	-	(1,051)	(1,051)	(1,051)	(52)	(1,103)
Total comprehensive income for the period	D5	-	-	-	84,244	84,244	84,244	10,161	94,405
Balance on December 31, 2025	Z1	\$ 823,608	\$ 10,615	\$ 175,430	\$ 262,149	\$ 437,579	\$ 1,271,802	\$ 28,075	\$ 1,299,877

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

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2025, and 2024
(In thousands of New Taiwan Dollars)

Codes	Items	2025	2024
AAAA	Cash flows from operating activities		
A10000	Profit before income tax	\$ 111,740	\$ 70,626
A20000	Adjustments for:		
A20010	Adjustments to reconcile profit		
A20100	Depreciation expense	106,144	108,838
A20200	Amortization expenses	1,462	1,871
A20300	Expected credit loss reversal gains	(314)	(5,433)
A20400	(Gains) Losses on financial assets at fair value through profit or loss	(2,523)	11,980
A20900	Interest expense	16,771	15,769
A21200	Interest income	(825)	(1,542)
A22500	Losses (Gains) on disposal or retirement of property, plant and equipment	3,900	(2,918)
A22800	Gains on disposal of intangible assets	-	(78)
A23800	Reversal of impairment loss on non-financial assets	-	(50)
A24100	Unrealized gains on foreign exchange	(2,698)	(2,971)
A29900	Others (government grants)	(682)	(682)
A29900	Others (Property, plan and equipment transferred to expenses.)	-	905
A29900	Others	-	(65)
A20010	Total adjustments to reconcile profit (loss)	<u>121,235</u>	<u>125,624</u>
A30000	Changes in operating assets and liabilities:		
A31000	Changes in operating assets		
A31130	Decrease in notes receivable	1,303	9,831
A31150	Decrease (Increase) in accounts receivable	22,648	(50,042)
A31180	(Increase) Decrease in other receivables	(106)	143
A31200	(Increase) Decrease in inventories	(19,692)	1,820
A31240	Decrease (Increase) in other current assets	2,745	(1,213)
A31990	Decrease in other operating assets	1,020	488
A31000	Total changes in operating assets	<u>7,918</u>	<u>(38,973)</u>
A32000	Changes in operating liabilities		
A32130	(Decrease) Increase in notes payable	(123)	646
A32150	(Decrease) Increase in accounts payable	(9,430)	13,538
A32180	Increase in other payables	4,657	33,692
A32200	(Decrease) Increase in provisions	(1,672)	2,265
A32230	(Decrease) Increase in other current liabilities	(1,300)	3,750
A32240	Increase (Decrease) in net defined benefit liability	646	(76)
A32000	Total changes in operating liabilities	<u>(7,222)</u>	<u>53,815</u>
A30000	Total changes in operating assets and liabilities	<u>696</u>	<u>14,842</u>
A20000	Total adjustments	<u>121,931</u>	<u>140,466</u>
A33000	Cash flow generated from operations	233,671	211,092
A33100	Interest received	825	1,542
A33300	Interest paid	(18,294)	(18,309)
A33500	Income tax paid	(1,437)	(18,212)
AAAA	Net cash flows generated by operating activities	<u>214,765</u>	<u>176,113</u>

(Continued)

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2025, and 2024
(In thousands of New Taiwan Dollars)

Codes	Items	2025	2024
	(Continued)		
BBBB	Cash flows from investing activities		
B00040	Acquisition of financial assets measured at amortized cost	-	(49,205)
B00050	Disposal of financial assets measured at amortized cost	-	91,805
B02700	Acquisition of property, plant and equipment	(33,675)	(24,157)
B02800	Proceeds from disposal of property, plant and equipment	898	9,965
B03700	Increase in refundable deposits	-	(268)
B03800	Decrease in refundable deposits	-	1,008
B04500	Acquisition of intangible assets	(206)	(553)
B04600	Disposal of intangible assets	-	332
B06700	Increase in other noncurrent assets	(126)	(315)
B06800	Decrease in other noncurrent assets	659	603
B07100	Increase in prepayments for equipment	(94,103)	(128,907)
BBBB	Net cash used in investing activities	<u>(126,553)</u>	<u>(99,692)</u>
CCCC	Cash flows from financing activities		
C00100	Increase in short-term loans	905,839	762,443
C00200	Decrease in short-term loans	(854,232)	(703,990)
C01600	Proceeds from long-term bank loans	40,000	50,000
C01700	Repayment of long-term bank loans	(121,830)	(136,868)
C03000	Increase in guaranteed deposits received	-	166
C03100	Decrease in guaranteed deposits received	-	(294)
C04020	Repayment of the principal portion of lease liabilities	(9,155)	(11,974)
C04500	Cash dividends	(65,889)	(32,945)
C05800	Changes from non-controlling Interest	-	(3,670)
C09900	Others	29	29
CCCC	Net cash used in financing activities	<u>(105,238)</u>	<u>(77,103)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>48</u>	<u>81</u>
EEEE	Net decrease in cash and cash equivalents	<u>(16,978)</u>	<u>(601)</u>
E00100	Cash and cash equivalents, beginning of the year	120,265	120,866
E00200	Cash and cash equivalents, end of the year	<u>\$ 103,287</u>	<u>\$ 120,265</u>
E00210	Cash and cash equivalents on consolidated balance sheets	<u>\$ 103,287</u>	<u>\$ 120,265</u>

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

Shuang Bang Industrial Corporation and Subsidiaries
Notes to Consolidated 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 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 principal operating activities of the Group and its subsidiaries (herein after referring to as the "Group") are described in Note 14.

The consolidated financial statements are presented in the functional currency of the Group, which is New Taiwan Dollars.

2. Approval date and procedures of the financial statements

The accompanying consolidated 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 and its subsidiaries (collectively as the "Group").

- (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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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.” and Related Consequential Amendments

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the 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 consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in the Republic of China, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as “IFRS endorsed by the FSC”).

(2) Basis of preparation

The consolidated 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).

(3) Basis of consolidation

A. Principle of preparation of the consolidated financial statements

The consolidated financial statements incorporate the financial statements of Group and entities controlled by the Group (its subsidiaries). The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the noncontrolling interests even if this results in the noncontrolling interests having a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all the amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

B. List of subsidiaries in the consolidated financial statements

The detailed information of the subsidiaries at the end of the reporting period was as follows:

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership	
			December 31, 2025	December 31, 2024
Shuang Bang Corporation	Miracle textile industry Co., Ltd.	Manufacturing of coatings	44.50	44.50
Shuang Bang Corporation	Shoetex Corporation	Manufacturing of finished shoes	-	-

Shoetex Corporation decreased and increased its authorized share capital and by approval of board of directors, resolved to reduce capital to offset losses and to implement a cash capital increase on March 19, 2024. The effective date was March 25 and March 26, 2024, respectively, and had registered in Ministry of Economic Affairs on April 12, 2024. Due to non-proportional investment in an investee's capital increase, the percentage of ownership increased from 68.87% to 80.20%.

The resolution to dissolve and liquidate the subsidiary was approved at the extraordinary shareholders' meeting held on October 30 of the same year, with October 31, 2024, set as the dissolution date. The liquidator was authorized to handle subsequent matters related to the dissolution and liquidation. The dissolution registration was approved by the Ministry of Economic Affairs on November 4, 2024, and the liquidation was completed on December 20, 2024.

In 2025 and 2024, there were no significant restrictions on the Company and its subsidiaries in acquiring or using group assets or in settling group liabilities.

C. Subsidiaries with non-controlling interests that are material to the consolidated company were as follows:

Name of subsidiary	Ownership (%)	Non-controlling interest	
		December 31, 2025	December 31, 2024
Miracle textile industry Co. Ltd.	55.50	\$ 28,075	\$ 17,914
Shoetex Corporation	-	-	-
		<u>\$ 28,075</u>	<u>\$ 17,914</u>

Name of subsidiary	Ownership (%)	Profit (Loss) Allocated to Non-controlling Interests	
		For the year ended December 31, 2025	For the year ended December 31, 2024
Miracle textile industry Co. Ltd.	55.50	\$ 10,161	\$ 904
Shoetex Corporation	-	-	(13,148)
		<u>\$ 10,161</u>	<u>\$ (12,244)</u>

(A) For the main business and products, location, and registration information of the above subsidiaries, refer to Table 3 in Note 13.

(B) The financial information was summarized as follows:

a. Balance sheets

	Miracle textile industry Co. Ltd.	
	December 31, 2025	December 31, 2024
Current assets	\$ 71,961	\$ 58,618
Non-current assets	32,125	19,443
Current liabilities	(29,418)	(31,335)
Non-current liabilities	(24,083)	(14,449)
Equity	\$ 50,585	\$ 32,277
Equity attributes to shareholders of the parent	\$ 22,510	\$ 14,363
Equity attributable to non-controlling interests	\$ 28,075	\$ 17,914

	Shoetex Corporation	
	December 31, 2025	December 31, 2024
Current assets	\$ -	\$ -
Non-current assets	-	-
Current liabilities	-	-
Non-current liabilities	-	-
Equity	\$ -	\$ -
Equity attributes to shareholders of the parent	\$ -	\$ -
Equity attributable to non-controlling interests	\$ -	\$ -

b. Comprehensive income statements

	Miracle textile industry Co. Ltd.	
	2025	2024
Operating revenue	\$ 125,477	\$ 107,935
Net income	\$ 18,402	\$ 1,629
Other comprehensive income, after tax	(94)	-
Total comprehensive income	\$ 18,308	\$ 1,629
Net income attributable to shareholders of the parent	\$ 8,189	\$ 725
Net income attributable to non-controlling interests	\$ 10,213	\$ 904
Total comprehensive income attributable to owners of parent	\$ 8,147	\$ 725
Total comprehensive income attributable to non-controlling interests	\$ 10,161	\$ 904
Dividends paid to non-controlling interests	\$ -	\$ -

	Shoetex Corporation	
	2025	Jan-Oct, 2024
Operating revenue	\$ -	\$ 51,063
Net income (loss)	\$ -	\$ (63,922)
Other comprehensive income , after tax	-	-
Total comprehensive income	\$ -	\$ (63,922)
Net income (loss) attributable to owners of parent	\$ -	\$ (50,774)
Net income (loss) attributable to non-controlling interests	\$ -	\$ (13,148)
Total comprehensive income (loss) attributable to owners of parent	\$ -	\$ (50,774)
Total comprehensive income (loss) attributable to non-controlling interests	\$ -	\$ (13,148)
Dividends paid to non-controlling interests	\$ -	\$ -

c. Cash flows statements

	Miracle textile industry Co. Ltd.	
	2025	2024
Cash flows generated by operating activities	\$ 27,586	\$ 10,821
Cash flows (used in) generated by investing activities	(545)	19,526
Cash flows used in financing activities	(19,571)	(7,053)
Net increase in cash and cash equivalents	7,470	23,294
Cash and cash equivalents, beginning of the year	30,838	7,544
Cash and cash equivalents, end of the year	\$ 38,308	\$ 30,838

	Shoetex Corporation	
	2025	Jan-Oct, 2024
Cash flows used in operating activities	\$ -	\$ (13,211)
Cash flows generated by investing activities	-	29,394
Cash flows used in financing activities	-	(11,176)
Net increase in cash and cash equivalents	-	5,007
Cash and cash equivalents, beginning of the year	-	11,661
Cash and cash equivalents, end of the year	\$ -	\$ 16,668

(4) Foreign currencies

A. The financial statements of each individual consolidated entity

The financial statements of each individual consolidated entity 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.

B. Consolidated financial statements

In preparing the consolidated financial statements, the financial performance and financial positions of each consolidated entity are translated into New Taiwan Dollars (NTD).

(5) 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.

(6) 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.

(7) 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 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 based on the actual use of the production facilities.

(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 Group evaluates whether a contract is or contains a lease at its inception.

A. As a lessor

The Group 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 lessee

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

The right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the consolidated company periodically assesses whether there is impairment of the right-of-use assets and recognizes any impairment losses that have occurred. If the lease liabilities are remedied, the right-of-use assets are adjusted accordingly.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. The Group 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 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 Group'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 Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

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

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office and transportation equipment that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized 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. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each year, with the effect of any changes in the estimates accounted for on a prospective 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 Property, Plant and Equipment, Right-of-use Assets, and Intangible Assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible (including property, plant and equipment) and intangible assets for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group 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 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, cash-generating unit 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 reflect the present value of expenditure required to settle the obligation where the time value of money is material. Moreover, 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 in the consolidated balance sheet when the Group 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 Group 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 Group 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 (23) 6.

II. Financial assets measured at amortized cost

The Group 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 cash

flows 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group should 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 Group 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 Group'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 Group 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 Group 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 Group recognizes 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 Group 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 Group transfers the goods to customers and when the customers pay for those goods is usually short and has no significant financing component to the contract. For a small part of the contracts, the Group has the right to transfer the goods to customers but does not have a 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 Group has the obligation to provide the goods or the services subsequently and contract liabilities should be recognized. the Group 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 Group that will be used in satisfying performance obligations in the future; and the costs are expected to be recovered, the Group 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 Group 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 book values of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are 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 Group'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 Group's accounting policies, which are described in Note 4, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

When developing significant accounting estimates, the Group 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. If revisions to estimates affect only the current year, they are recognized in the year of revision. If revisions to accounting estimates affect both the current year and future years, they are recognized in both the year of revision and future years.

The main sources of uncertainty in estimates and assumptions

(1) Loss allowance of accounts receivables

The Group has estimated the loss allowance of accounts receivables that is based on the risk of a default occurring and expected credit loss rate. The Group 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.

As of December 31, 2025, and 2024, the carrying amount of loss allowance of accounts receivables amounted to \$263 thousand and \$749 thousand, respectively.

(2) Valuation of Inventories

Inventories are stated at the lower cost or net realizable value, and the Group uses estimate to determine the net realizable value of inventory at the end of each reporting period.

The Group estimates the net realizable value of inventory for normal waste, obsolescence, and unmarketable items at the end of reporting period and writes down the cost of inventories to net realizable value. The net realizable value of the inventory is determined 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 \$28,321 thousand and \$32,540 thousand, respectively.

6. Contents of significant accounts

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash	\$ 276	\$ 280
Checking accounts and demand deposits	103,011	119,985
	<u>\$ 103,287</u>	<u>\$ 120,265</u>

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

	December 31, 2025	December 31, 2024
Demand deposits (%)	0.01~0.705	0.002~0.800

(2) Financial assets at amortized costs — current

	December 31, 2025	December 31, 2024
Pledged time deposits	\$ 900	\$ 900
Time deposits	-	-
	<u>\$ 900</u>	<u>\$ 900</u>
Interests rate (%)	0.655	0.655~0.705

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

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

Financial assets measured at amortized cost – current represent guarantee deposits for import duties. These are bank deposits for specific purposes and are restricted from other uses.

The Group’s financial assets 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	\$ 57,489	\$ 58,792
Not from operating activities	44	532
	<u>\$ 57,533</u>	<u>\$ 59,324</u>
Accounts receivables	\$ 343,138	\$ 351,442
Less: loss allowance	(263)	(749)
	<u>\$ 342,875</u>	<u>\$ 350,693</u>
Accounts receivable from related parties	\$ 24,936	\$ 36,711

The credit terms on sales to the customers are 30 to 120 days.

The Group adopts the IFRS 9 simplified approach to measure the loss allowance at lifetime expected credit losses for all notes and accounts receivable. These expected credit losses are estimated using a provision matrix that incorporates the past default experience of debtors and an analysis of their current financial positions. This estimation is further adjusted for general economic conditions of the industry and an assessment of both the current and the forecast direction of economic conditions at the reporting date. Since the historical credit loss experience of the Group shows no significant differences in the loss patterns among various customer groups, the expected credit loss rate is determined solely based on the number of days passed due.

The abovementioned notes receivables which were not from operating were compensation payments by installments for the equipment were 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

	<u>Current</u>	<u>Overdue 1-60 days</u>	<u>Overdue more than 61 days</u>	<u>Total</u>
Total carrying amount	\$ 424,607	\$ 822	\$ 178	\$ 425,607
Provision for loss allowance	(137)	(35)	(91)	(263)
Cost after amortization	<u>\$ 424,470</u>	<u>\$ 787</u>	<u>\$ 87</u>	<u>\$ 425,344</u>

The Group’s abovementioned rates of expected credit loss were as follows, current rates were 0.01% to 0.039%, rates due over 1 to 60 days were 1.575% to 15.633% and rates of due over 61 days were 22.289% to 100%.

December 31, 2024

	<u>Current</u>	<u>Overdue 1-60 days</u>	<u>Overdue more than 61 days</u>	<u>Total</u>
Total carrying amount	\$ 444,438	\$ 2,721	\$ 318	\$ 447,477
Provision for loss allowance	(251)	(241)	(257)	(749)
Cost after amortization	<u>\$ 444,187</u>	<u>\$ 2,480</u>	<u>\$ 61</u>	<u>\$ 446,728</u>

The Group's abovementioned rates of expected credit loss were as follows, current rates were 0.068%, rates due over 1 to 60 days were 0% 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 was as follows:

	2025	2024
Balance on January 1	\$ 749	\$ 6,486
Less: Reversal on impairment loss for the current period, net	(314)	(5,433)
Less: Write-down for the current period, net	(172)	(304)
Balance on December 31	<u>\$ 263</u>	<u>\$ 749</u>

(4) Inventories

	December 31, 2025	December 31, 2024
Merchandises	\$ 13,248	\$ 13,829
Finished goods	139,669	128,209
Semi-finished goods	10,432	10,507
Work in process	15,647	10,263
Raw materials	77,507	72,194
Manufacturing materials	23,822	25,631
	<u>\$ 280,325</u>	<u>\$ 260,633</u>

The operating costs relating to inventories amounted to \$1,575,170 thousand and \$1,647,242 thousand for the years ended in 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 was included in the cost of revenue:

	2025	2024
Reversal of inventory obsolescence for the period gains	<u>\$ (4,219)</u>	<u>\$ (14,483)</u>

(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 Corp. (Samoa)	18,014	3.33	17,276	3.33
Total	<u>\$ 28,995</u>		<u>\$ 26,472</u>	

The Group'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 Group recognized losses due to fair value changes in the amounts of \$2,523 thousand and \$(11,980) thousand, in 2025 and 2024, respectively.

(6) Property, plant and equipment

	December 31, 2025	December 31, 2024
Owner occupation	\$ 1,542,073	\$ 1,435,249
Operating leases	31,133	17,973
	<u>\$ 1,573,206</u>	<u>\$ 1,453,222</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	384,465	267,576
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	51,642	43,006
	<u>\$ 1,542,073</u>	<u>\$ 1,435,249</u>

Cost	January 1, 2025	Additions	Disposals	Prepaid	Reclassification	December 31, 2025
Land	\$ 645,954	\$ -	\$ -	\$ -	\$ -	\$ 645,954
Buildings	567,372	1,002	-	1,100	(15,127)	554,347
Equipment	460,440	9,752	(48,590)	156,172	-	577,774
Testing equipment	13,527	929	(2,939)	469	-	11,986
Pollution control equipment	93,922	1,128	(26,376)	24,162	-	92,836
Transportation	16,981	-	-	-	-	16,981
Office equipment	99	-	-	-	-	99
Other equipment	102,876	11,213	(33,975)	15,897	-	96,011
	<u>\$ 1,901,171</u>	<u>\$ 24,024</u>	<u>\$ (111,880)</u>	<u>\$ 197,800</u>	<u>\$ (15,127)</u>	<u>\$ 1,995,988</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	192,864	49,035	(48,590)	-	-	193,309
Testing equipment	7,576	1,710	(2,939)	-	-	6,347
Pollution control equipment	64,921	11,394	(24,303)	-	-	52,021
Transportation	11,851	1,247	-	-	-	13,098
Office equipment	43	19	-	-	-	62
Other equipment	59,870	15,749	(31,250)	-	-	44,369
	<u>\$ 465,922</u>	<u>\$ 96,610</u>	<u>\$ (107,082)</u>	<u>\$ -</u>	<u>\$ (1,535)</u>	<u>\$ 453,915</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
Equipment	399,662	9,047	(44,886)	96,617	-	460,440
Testing equipment	14,637	1,446	(2,984)	428	-	13,527
Pollution control equipment	87,750	1,129	(5,350)	10,393	-	93,922
Transportation	17,963	127	(1,109)	-	-	16,981
Office equipment	548	-	(449)	-	-	99
Other equipment	126,876	11,977	(43,678)	7,701	-	102,876
Construction in progress and inspection equipment	905	-	-	-	(905)	-
	<u>\$ 1,852,296</u>	<u>\$ 23,832</u>	<u>\$ (100,278)</u>	<u>\$120,559</u>	<u>\$ 4,762</u>	<u>\$1,901,171</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	191,001	47,262	(45,349)	(50)	-	192,864
Testing equipment	8,775	1,767	(2,966)	-	-	7,576
Pollution control equipment	60,977	9,294	(5,350)	-	-	64,921
Transportation	11,796	1,163	(1,108)	-	-	11,851
Office equipment	443	48	(448)	-	-	43
Other equipment	77,236	18,822	(36,188)	-	-	59,870
	<u>\$ 462,044</u>	<u>\$ 96,518</u>	<u>\$ (93,231)</u>	<u>\$ (50)</u>	<u>\$ 641</u>	<u>\$ 465,922</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 10 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	Reclassification	December 31, 2025
Buildings	\$ 19,590	\$ -	\$ -	\$ -	\$ 15,127	\$ 34,717

Accumulated depreciation and impairment	January 1, 2025	Depreciation	Disposals	Prepaid	Reclassification	December 31, 2025
Buildings	\$ 1,617	\$ 432	\$ -	\$ -	\$ 1,535	\$ 3,584

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

Accumulated depreciation and impairment	January 1, 2024	Depreciation	Disposals	Prepaid	Reclassification	December 31, 2024
Buildings	\$ 1,788	\$ 470	\$ -	\$ -	\$ (641)	\$ 1,617

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

Item	Useful lives
Buildings	48 years

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

(7) Leases

Lessee

A. Right-of-use assets

Carrying amount	December 31, 2025	December 31, 2024
Buildings	\$ 23,970	\$ 4,157
Transportation	6,331	6,122
	<u>\$ 30,301</u>	<u>\$ 10,279</u>

	2025	2024
Additions of right-of-use assets	\$ 29,124	\$ 1,293
Depreciation of right-of-use assets		
Buildings	\$ 6,337	\$ 8,981
Transportation	2,765	2,869
	<u>\$ 9,102</u>	<u>\$ 11,850</u>

B. Lease liabilities

	December 31, 2025	December 31, 2024
Current	\$ 7,460	\$ 6,972
Noncurrent	<u>\$ 22,843</u>	<u>\$ 3,362</u>

The discount rates of lease liabilities were as follows:

	December 31, 2025	December 31, 2024
Buildings (%)	1.272~2.220	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 Group 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	\$ 326	\$ 334
Rent expenses on short-term lease	2,059	2,002
	<u>\$ 2,385</u>	<u>\$ 2,336</u>

E. The Group's total lease cash outflows for 2025, and 2024 were NT\$9,481 thousand and NT\$12,308 thousand, respectively.

Lessor

A. Rental agreements

<u>Objective</u>	<u>Lease period</u>	<u>Monthly rental revenue and method</u>	<u>Guarantee Deposits</u>
Buildings in Taoyuan	2020/09/01~2025/08/31 2025/09/01~2030/07/31	Monthly rental fee is \$100 thousand.	\$100 thousand
Buildings (dormitory)	2021/06/01~2024/06/01 2024/06/01~2026/06/01	Monthly rental fee is \$14 thousand.(note1)	-
Buildings (plant)	2021/07/01~2027/06/30	Monthly rental fee is \$149 thousand.	\$448 thousand
Buildings (plant)	2022/05/01~2025/04/30	First year, monthly rental fee is \$140 thousand. Starting from the second year, monthly rental fee is \$147 thousand. (note2)	-
Buildings (plant)	2022/08/31~ 2025/04/30	Monthly rental fee is \$6 thousand. Starting from July 2023, monthly rental fee is \$8 thousand.	-
Buildings (plant)	2023/01/01~2027/06/30	Monthly rental fee is \$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 fee is \$13 thousand. Starting from April 2024, monthly rental fee is \$14 thousand.	\$13 thousand
Buildings (plant)	2024/08/01~2027/06/30 (note3)	Monthly rental fee is \$55 thousand.	\$166 thousand
Buildings (plant)	2025/11/01~2026/12/31	Monthly rental fee is \$8 thousand.	\$24 thousand
Buildings (plant)	2025/12/01~2031/11/30	Monthly rental fee is \$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 on gains recognized under operating lease contracts for the years ended 2025 and 2024 was as follows:

	<u>2025</u>	<u>2024</u>
Rental revenue	<u>\$ 4,494</u>	<u>\$ 4,882</u>

C. non-cancellable operating lease contracts

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Within one year	\$ 6,189	\$ 3,958
More than 1 year to 3 years	8,589	4,013
Over 3 years	8,653	-

(8) 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>Additions</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	\$ 8,887	\$ 1,669	\$ (4,368)	\$ 6,188
Professional technology	2,000	-	(2,000)	-
	<u>\$ 10,887</u>	<u>\$ 1,669</u>	<u>\$ (6,368)</u>	<u>\$ 6,188</u>

<u>Accumulated amortization and impairment</u>	<u>January 1, 2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2024</u>
Computer software	\$ 5,534	\$ 1,704	\$ (4,114)	\$ 3,124
Professional technology	1,833	167	(2,000)	-
	<u>\$ 7,367</u>	<u>\$ 1,871</u>	<u>\$ (6,114)</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

(9) Other noncurrent assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Prepayments for equipment	\$ 29,029	\$ 131,240
Refundable deposits	2,148	2,132
Long-term notes receivables	44	532
Other	1,717	2,250
	<u>\$ 32,938</u>	<u>\$ 136,154</u>

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

(10) 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	61,050
L/C loans	-	10,259
	<u>\$ 174,595</u>	<u>\$ 122,988</u>
Loan rate (%)	1.87~2.00	1.80~2.92
Due date	Before 2026/6/28	Before 2025/11/28

The abovementioned loans were all bank loans.

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

(11) Notes and accounts payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Arising from operation:		
Notes payables	\$ 4,575	\$ 4,698
Accounts payables(include parties)	178,309	187,655
Not arising from operation:		
Other notes payables	4,272	15,594

Other notes payable was used for the purchase of equipment.

(12) Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Third-party transaction		
Salary and bonus payables	\$ 41,634	\$ 44,351
Insurance payables	4,792	4,456
Equipment payables	2,487	816
Welfare payables	7,354	5,800
Directors' remuneration payables	3,184	2,160
Other accounts payables	49,698	45,298
	<u>\$ 109,149</u>	<u>\$ 102,881</u>
Related parties	<u>\$ 49</u>	<u>\$ 26</u>

(13) -Provision

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Employees benefits	\$ 8,446	\$ 8,017
Returns and discounts	964	850
Sales rebates	-	2,215
	<u>\$ 9,410</u>	<u>\$ 11,082</u>

	<u>Employees benefits</u>	<u>Returns and discounts</u>	<u>Sales rebates</u>	<u>Total</u>
Balance on January 1, 2025	\$ 8,017	\$ 850	\$ 2,215	\$ 11,082
Provision for the period	8,378	1,109	1,983	11,470
Payments for the period	(40)	-	(4,198)	(4,238)
Write-off for the period	(7,909)	(995)	-	(8,904)
Balance on December 31, 2025	<u>\$ 8,446</u>	<u>\$ 964</u>	<u>\$ -</u>	<u>\$ 9,410</u>

	Employees benefits	Returns and discounts	Sales rebates	Total
Balance on January 1, 2024	\$ 8,557	\$ 260	\$ -	\$ 8,817
Provision for the period	8,735	6,747	2,215	17,697
Payments for the period	(34)	-	-	(34)
Write-off for the period	(9,241)	(6,157)	-	(15,398)
Balance on December 31, 2024	<u>\$ 8,017</u>	<u>\$ 850</u>	<u>\$ 2,215</u>	<u>\$ 11,082</u>

The Group'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.

(14) Other current liabilities

	December 31, 2025	December 31, 2024
Contract liabilities	\$ 5,000	\$ 5,995
Temporary receipts	226	226
Receipts under custody	1,380	1,678
Deferred revenue—current	511	682
	<u>\$ 7,117</u>	<u>\$ 8,581</u>

(15) 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	2028	5,893	18,750
Unsecured borrowings	2030	37,333	-
		<u>\$ 676,611</u>	<u>\$ 758,441</u>
Current portion of long-term loans payable		\$ 116,449	\$ 111,306
Non-current		560,162	647,135
		<u>\$ 676,611</u>	<u>\$ 758,441</u>
Interest rate of loans (%)		1.925~2.220	1.925~2.220

The abovementioned loans are bank loans and used in floating rate borrowings, please refer to note 6(23).

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

(16) Government grants

The Group purchased pollution control equipment in 2015 and had applied for exemption in the local government in accordance with the laws. The application had been reviewed and approved by the Department of Environmental Protection in Taoyuan and obtained \$5,000 thousand of the exemption. As of December 31, 2024, the remaining amount has been fully offset.

The Group purchased pollution control equipment in 2018 and 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 Group had applied for the 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 Group obtained the government grants amounted to \$2,936 thousand and \$8,417 recognized under other revenue.

(17) 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 Group have made monthly contributions equal to 6% of each employee’s monthly salary to employees’ pension accounts. Accordingly, the Group recognized as expenses under consolidated comprehensive income statement of \$10,787 thousand and \$10,957 thousand. As of December 31, 2025, and 2024, the unpaid amount of define benefits plans amounted to \$2,694 thousand and \$2,551 thousand, respectively.

B. Defined benefit plans

The Group 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 year 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. Pension benefits are calculated based on the units of service years and the average salary of the six months prior to retirement. The Group and its subsidiaries contribute 5% and 2% of their respective employees' total monthly salaries to the pension funds. These funds are administered by the Labor Pension Fund Supervisory Committee and deposited in the Committee’s name in a dedicated account at the Bank of Taiwan. Before the end of each year, the Group 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 Group 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 Group 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 Group 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 Group’s defined benefit plans were as follows:

December 31, 2025	Shuang Bang Industrial Corp.	Miracle textile industry Co. Ltd.
Present value of defined benefit obligation	\$ (46,908)	\$ (1,018)
Fair value of plan assets	27,263	20
Net defined benefit liabilities	<u>\$ (19,645)</u>	<u>\$ (998)</u>

	Shuang Bang Industrial Corp.	Miracle textile industry Co. Ltd.
December 31, 2024		
Present value of defined benefit obligation	\$ (43,072)	\$ -
Fair value of plan assets	24,454	-
Net defined benefit liabilities	<u>\$ (18,618)</u>	<u>\$ -</u>

(b) Movements in net defined benefit liabilities

Movements in net defined benefit liabilities were as follows:

	Shuang Bang Industrial Corp.	Miracle textile industry Co. Ltd.
January 1, 2025	\$ 43,072	\$ -
Current service costs and interests	908	92
Loss on defined benefit obligation, experience adjustments	1,807	75
Loss on defined benefit obligation, changes in assumption		
- changes in financial assumptions	1,121	42
- effect of plan amendments	-	809
December 31, 2025	<u>\$ 46,908</u>	<u>\$ 1,018</u>

	Shuang Bang Industrial Corp.	Miracle textile industry Co. Ltd.
January 1, 2024	\$ 43,317	\$ -
Current service costs and interests	642	-
Loss on defined benefit obligation, experience adjustments	839	-
Gain on defined benefit obligation, changes in assumption		
- changes in financial assumptions	(1,726)	-
December 31, 2024	<u>\$ 43,072</u>	<u>\$ -</u>

(c) Movements in planned assets at fair value

Movements in net defined benefit assets were as follows:

	Shuang Bang Industrial Corp.	Miracle textile industry Co. Ltd.
January 1, 2025	\$ 24,454	\$ -
Benefit paid	738	20
Interest revenue from plan assets	405	-
Gains on experience from plan assets	1,666	-
December 31, 2025	<u>\$ 27,263</u>	<u>\$ 20</u>

	Shuang Bang Industrial Corp.	Miracle textile industry Co. Ltd.
January 1, 2024	\$ 21,586	\$ -
Benefit paid	457	-
Interest revenue from plan assets	261	-
Gains on experience from plan assets	2,150	-
December 31, 2024	<u>\$ 24,454</u>	<u>\$ -</u>

(d) Expenses through profit or loss

Expenses through profit or loss were as follows:

	Shuang Bang Industrial Corp.	Miracle textile industry Co. Ltd.
For the year 2025		
Current service cost	\$ 206	\$ 92
Net interests from net defined benefit liabilities	297	-
Prior Period Service Cost	-	809
Pension expenses	<u>\$ 503</u>	<u>\$ 901</u>
For the year 2024		
Current service cost	\$ 128	\$ -
Net interests from net defined benefit liabilities	253	-
Pension expenses	<u>\$ 381</u>	<u>\$ -</u>

An analysis of employee benefits expense by function:

	Shuang Bang Industrial Corp.	Miracle textile industry Co. Ltd.
For the year 2025		
Operating costs	\$ 325	\$ 901
Selling expenses	32	-
General and administrative expenses	131	-
Research and development expenses	15	-
	<u>\$ 503</u>	<u>\$ 901</u>
For the year 2024		
Operating costs	\$ 246	\$ -
Selling expenses	24	-
General and administrative expenses	100	-
Research and development expenses	11	-
	<u>\$ 381</u>	<u>\$ -</u>

(e) Remeasurement of defined benefit obligation:

	Shuang Bang Industrial Corp.	Miracle textile industry Co. Ltd.
For the year 2025		
Loss on defined benefit obligation, experience adjustments	\$ 1,807	\$ 75
Loss on defined benefit obligation, changes in assumption		
- changes in financial assumptions	1,121	42
Gains on experience from plan assets	(1,666)	-
Remeasurement of defined benefit obligation, net	<u>\$ 1,262</u>	<u>\$ 117</u>
For the year 2024		
Loss on defined benefit obligation, experience adjustments	\$ 839	\$ -
Gain on defined benefit obligation, changes in assumption		
- changes in financial assumptions	(1,726)	-
Gains on experience from plan assets	(2,150)	-
Remeasurement of defined benefit obligation, net	<u>\$ (3,037)</u>	<u>\$ -</u>

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

	Shuang Bang Industrial Corp.	Miracle textile industry Co. Ltd.
December 31, 2025		
Discount rate	1.35%	1.60%
Expected rate of salary increase	3.50%	3.10%
December 31, 2024		
Discount rate	1.65%	-
Expected rate of salary increase	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:

	Shuang Bang Industrial Corp.	Miracle textile industry Co. Ltd.
December 31, 2025		
Discount rate		
0.25% increase	\$ (937)	\$ (57)
0.25% decrease	\$ 966	\$ 61
Expected rate of salary increase		
0.25% increase	\$ 943	\$ 60
0.25% decrease	\$ (920)	\$ (57)
December 31, 2024		
Discount rate		
0.25% increase	\$ (917)	\$ -
0.25% decrease	\$ 947	\$ -
Expected rate of salary increase		
0.25% increase	\$ 927	\$ -
0.25% decrease	\$ (903)	\$ -

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.

	Shuang Bang Industrial Corp.	Miracle textile industry Co. Ltd.
December 31, 2025		
Expected contributions to the plan in the next year	\$ 1,392	\$ 43
Average duration of the defined benefit obligation	8 years	23 years
December 31, 2024		
Expected contributions to the plan in the next year	\$ 1,288	\$ -
Average duration of the defined benefit obligation	8 years	-

C. Short-term employees benefit plant.

The Group recognized paid time off leaves expenses of \$8,378 thousand and \$8,735 thousand for the year ended in 2025 and 2024, respectively.

(18) 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
Numbers of shares issued	\$ 823,608	\$ 823,608
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 receive.

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>

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 Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (but limited to a certain percentage of the Group'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 Group's reconciliation of outstanding common stocks and capital surplus were as follows:

	<u>Capital</u>		<u>Capital surplus</u>		
	<u>Shares (in thousand)</u>	<u>Amount</u>	<u>Share premiums</u>	<u>Employee share options</u>	<u>Expired dividends</u>
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 Group 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 a 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.

The Group authorizes the Board of Directors to distribute all or part of the dividends and bonuses, or legal reserve and capital reserve in the form of cash, upon a resolution adopted by a majority vote at a meeting attended by over two-thirds of the directors, and subsequently report such distribution to the shareholders' meeting.

Since the Group is in a highly developing industry, the Group has to adapt its dividend policy to meet the Group's long-term development and capital requirement, along with the shareholders' demand of cash. Therefore, the Group is allowed to distribute no more than 90% of the amount of profits of the fiscal year. The Board of Directors shall submit a distribution proposal for approval at the shareholders' 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 Group'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 Group's board of directors on March 10, 2026, were as follows:

Items	Appropriation of earnings	Dividends per share (NTD)
Legal reserve	\$ 8,424	
Cash dividends	82,361	\$ 1
	<u>\$ 90,785</u>	

The appropriation of earnings for 2025 is subject to approval at the shareholders' meetings scheduled to be held on June 05, 2026.

(19) Sales revenue

	2025	2024
Revenue from contracts with customers		
Sales revenue	\$ 1,857,046	\$ 1,888,438
Service revenue	18,397	19,401
	<u>\$ 1,875,443</u>	<u>\$ 1,907,839</u>

Balance of the contracts

	December 31, 2025	December 31, 2024	January 1, 2024
Notes receivable, net (including related parties)	\$ 57,489	\$ 58,792	\$ 68,623
Accounts receivable, net	<u>\$ 367,811</u>	<u>\$ 387,404</u>	<u>\$ 328,785</u>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
(including related parties)			
Contract liabilities – current			
(Recognized as other current liabilities)	\$ 5,000	\$ 5,995	\$ 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:

	<u>2025</u>	<u>2024</u>
Sales revenue of goods	\$ 5,991	\$ 2,722

(20) Net income

The Group's net income included the following items:

A. Other revenue

	<u>2025</u>	<u>2024</u>
Government grant	\$ 3,769	\$ 9,246
Rental revenue	4,494	4,882
Other income	3,486	4,536
	<u>\$ 11,749</u>	<u>\$ 18,664</u>

B. Other profit and loss

	<u>2025</u>	<u>2024</u>
(Loss) Gains on foreign exchange	\$ (7,598)	\$ 10,917
(Loss) Gains on disposal of plants, property and equipment	(3,900)	2,918
Gains on disposal of intangible assets	-	78
Gains on lease modification	-	65
Reversal of impairment loss recognized in profit or loss	-	50
Gains (Losses) on financial assets at fair value through profit or loss	2,523	(11,980)
Compensation loss (note1)	-	(3,122)
Other	-	(1,372)
	<u>\$ (8,975)</u>	<u>\$ (2,446)</u>

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

	<u>2025</u>	<u>2024</u>
Depreciation of plant, property and equipment	\$ 97,042	\$ 96,988
Depreciation of right-of-use assets	9,102	11,850
Amortization of intangible assets	1,462	1,871
	<u>\$ 107,606</u>	<u>\$ 110,709</u>
Depreciation expenses were summarized by functions:		
Operating costs	\$ 96,143	\$ 97,914
Operating expenses	10,001	10,924

	2025	2024
Amortization expenses were summarized by functions		
Operating costs	424	583
Operating expenses	1,038	1,288
	<u>\$ 107,606</u>	<u>\$ 110,709</u>

D. Financial cost

	2025	2024
Bank loans	\$ 16,445	\$ 15,435
Interests from lease liabilities	326	334
Handling fees	263	282
	<u>\$ 17,034</u>	<u>\$ 16,051</u>
Amount of capitalized borrowing costs	\$ 1,486	\$ 2,635
Rate of capitalized borrowing costs (%)	1.284~2.076	1.284~2.706

E. Gains (loss) on foreign exchange

	2025	2024
Total gains on foreign exchange	\$ 20,791	\$ 19,622
Total loss on foreign exchange	(28,389)	(8,705)
Total gains on foreign exchange	<u>\$ (7,598)</u>	<u>\$ 10,917</u>

F. Employees benefits

	2025	2024
Salary	\$ 291,597	\$ 312,742
Employee insurance	29,465	29,290
Post-employment benefits plans		
Defined contribution plans	10,787	10,957
Defined benefit plans	1,404	381
Directors' remuneration	4,498	3,210
Other benefits	11,404	11,537
	<u>\$ 349,155</u>	<u>\$ 368,117</u>
Summary by function:		
Operating costs	\$ 251,689	\$ 260,957
Operating expenses	97,466	107,160
	<u>\$ 349,155</u>	<u>\$ 368,117</u>

G. Employees' compensation and remuneration of directors

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

If there is any profit for the current fiscal year, the Group 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 Group's accumulated losses shall have been covered in advance.

The aforementioned income was calculated using the Group'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 Group'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 Group 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%	\$ 3,130	2.99%	\$ 2,160

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	\$ 5,800	\$ -
Directors' remuneration	\$ 2,160	\$ -

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

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

(21) 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	\$ 9,304	\$ 1,587
Adjustments for prior year	-	(15)
Deferred tax		
Current year	6,928	19,871
Income tax expense recognized in profit or loss	\$ 16,232	\$ 21,443

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

	2025	2024
Profit before tax from continuing operations	\$ 111,740	\$ 70,626
Income tax expense calculated at the statutory rate	23,986	13,263
Effect of adjustments to income tax		
Non-deductible expenses in determining taxable income	207	220
Temporary difference	(3,738)	(10,878)

	2025	2024
Deferred tax	6,928	19,871
Investment deduction	(6,323)	(1,178)
Recognized loss carryforward	(4,828)	(378)
Other	-	538
Adjustments for prior year	-	(15)
Income tax expense recognized in profit or loss	<u>\$ 16,232</u>	<u>\$ 21,443</u>

B. Recognized in other comprehensive income

	2025	2024
Remeasurement of defined benefit plans	<u>\$ 276</u>	<u>\$ (607)</u>

C. Deferred tax

The Group's movements of deferred tax assets and liabilities for the years ended 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	\$ 129	\$ 23	\$ 5,746
Inventory	6,679	(821)	-	5,858
Accounts receivables	3,954	3,207	-	7,161
Financial assets at fair value through profit or loss	6,884	(504)	-	6,380
Provision	2,046	(358)	-	1,688
Other payables	818	220	-	1,038
Recognized loss carryforwards	5,314	(4,828)	-	486
Others	809	181	-	990
	<u>\$ 32,098</u>	<u>\$ (2,774)</u>	<u>\$ 23</u>	<u>\$ 29,347</u>
Deferred tax liabilities				
Temporary difference				
Defined benefit plans	\$ 1,870	\$ -	\$ (253)	\$ 1,617
Inventory	2,864	4,214	-	7,078
Others	600	(60)	-	540
	<u>\$ 5,334</u>	<u>\$ 4,154</u>	<u>\$ (253)</u>	<u>\$ 9,235</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	9,457	(2,778)	-	6,679
Accounts receivables	3,686	268	-	3,954
Financial assets at fair value through profit or loss	4,488	2,396	-	6,884
Provision	1,711	335	-	2,046
Plant, property and equipment	320	(320)	-	-
Other payables	990	(172)	-	818
Recognized loss carryforwards	21,282	(15,968)	-	5,314
Others	3,658	(2,849)	-	809
	<u>\$ 51,201</u>	<u>\$ (19,103)</u>	<u>\$ -</u>	<u>\$ 32,098</u>
Deferred tax liabilities				
Temporary difference				
Defined benefit plans	\$ 1,263	\$ -	\$ 607	\$ 1,870
Inventory	2,610	254	-	2,864

	January 1, 2024	Recognized as profit or loss	Recognized as OCI	December 31, 2024
Plant, property and equipment	53	(53)	-	-
Others	33	567	-	600
	<u>\$ 3,959</u>	<u>\$ 768</u>	<u>\$ 607</u>	<u>\$ 5,334</u>

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

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

E. Unrecognized Temporary Differences for Deferred Tax Assets and Liabilities

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

F. Income tax assessment

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

(22) Capital management

The coating markets had been affected by the global demands, which need a large amount of operating funds in the early part of the year. The Group manages its capital risk to ensure sufficient financial resources and operational plan to meet the demand of necessary operating funds, capital expenditure, research and development expense, debt repayment, and dividend expenditure for the future. The Group 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:

	December 31, 2025	December 31, 2024
Total of liabilities	\$ 1,233,039	\$ 1,247,636
Total of assets	2,532,916	2,518,968
Ratio of liabilities (%)	48.68	49.53

(23) Financial instruments

A. Categories of financial instruments

	December 31, 2025	December 31, 2024
Financial assets		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 103,287	\$ 120,265
Financial assets at amortized cost—current	900	900
Notes and accounts receivables, net	425,300	446,196
Other notes receivables	44	532
Other accounts receivables	830	768
Other current assets	465	1,581
Other noncurrent assets	2,192	2,664
Financial assets at amortized cost — noncurrent	28,995	26,472
Financial liabilities		
Financial liabilities		
Short-term loans	\$ 174,595	\$ 122,988
Notes and accounts payables	182,884	192,353
Other accounts payables	4,272	15,594
Other payables	109,198	102,907
Guarantee deposits	893	893

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Long-term loans (including current portion)	676,611	758,441

B. Financial risk management objectives

The Group 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 Group must comply with certain treasury procedures that provide guiding principles for overall financial risk management.

C. Market risk

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

(a) Risks of foreign currency exchange rates

The Group conducts certain operating activities and holds net investments in foreign operations denominated in foreign currencies, which expose it to foreign currency risk. To mitigate the potential reduction in foreign currency asset values, the increase in foreign currency liabilities, and the volatility of future cash flows caused by exchange rate fluctuations, the Group employs derivative instruments (primarily foreign exchange forward contracts) and disposes of certain foreign currency accounts receivable as hedging strategies, depending on exchange rate trends. While these derivative instruments help reduce the impact of exchange rate fluctuations, they cannot completely eliminate such risks.

Additionally, the Group's short-term borrowings in USD and JPY for material purchases create a natural hedge against its USD and JPY accounts receivable, effectively offsetting a portion of the risk arising from foreign currency exchange rate fluctuations.

The Group had not used derivatives financial instruments for the years ended December 31, 2025, and 2024.

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

The Group's sensitivity analysis 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 after tax for the years ended December 31, 2025, and 2024 would have increased/decreased by \$15,984 thousand and \$18,151 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:

Items	Unit: currency in thousand			
	December 31, 2025		December 31, 2024	
	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate
Financial assets				
Monetary items				
USD	\$ 7,121	31.365	\$ 6,955	32.725
JPY	106	0.1979	106	0.2072
Financial liabilities				
Monetary items				
USD	751	31.365	22	32.725

The Company recognized net gains on foreign exchange (including realized and unrealized) of \$(7,598) thousand and \$10,917 thousand for 2025 and 2024, respectively.

(b) Interest rate risk

The Group holds assets and liabilities at fixed and floating interest rates which may encounter the risks of future cash flow and from the changes of market rates. The Group is exposed to interest rate risk from floating rates.

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 1% higher/lower, the Company's pre-tax loss for the years ended December 31, 2025, and 2024 would have decreased/increased by \$5,930 thousand and \$6,811 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	102,284	119,061
Financial liabilities	741,206	851,429

D. Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk 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 Group 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 Group's ten largest customers accounted for 55% and 62% of its total trade receivables (including receivables from

related parties), respectively. The Group believed that the concentration of credit risk is insignificant for the remaining trade receivables.

Financial credit risk

The Group's exposure to financial credit risk which pertained to bank deposits and other financial instruments were evaluated and monitored by Corporate Treasury function. The Group 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 Group has sufficient liquidity to fund its business requirements of cash and cash equivalents and the unused financing facilities associated with existing operations.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual, undiscounted payments, including principal and estimated interest of bearing 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	\$296,533	\$ -	\$ 614	\$ 100	\$ -	\$297,247
Lease liabilities	4,113	3,893	13,769	9,964	-	31,739
Instruments using floating interests' rate	122,820	58,224	203,195	115,111	241,856	741,206
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	\$310,868	\$ -	\$ 879	\$ -	\$ -	\$311,747
Lease liabilities	4,659	2,389	2,953	500	-	10,501
Instruments using floating interests' rate	147,641	56,653	226,362	132,611	288,162	851,429
Instruments using fixed interests' rate	30,000	-	-	-	-	30,000

As of December 31, 2025, and 2024, the unused financing facilities of the merger company amounted to \$481,648 thousand and \$459,413 thousand, respectively.

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 is categorized under level 1 fair value.

The listed stocks, beneficiary certificates and global depositary receipts held by the Group 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 Group 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 Group for the years ended in 2025 and 2024.

(24) Earnings per share

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

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group 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 diluted. 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.

(25) Non-cash transaction

Investing and financing activities which were not listed in the statement of cash flow for the years ended 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	<u>\$ 116,449</u>	<u>\$ 111,306</u>
B. Investing activities of property, plant and equipment		
	2025	2024
Additions of property, plant and equipment	\$ (24,024)	\$ (23,832)
Changes in other notes payables	(11,322)	32
Changes in other accounts payables	1,671	(357)
Payments for acquisition of property, plant and equipment	<u>\$ 33,675</u>	<u>\$ (24,157)</u>
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	<u>\$ 206</u>	<u>\$ (553)</u>

7. Related-party transactions

Intercompany balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated upon consolidation; therefore, those items are not disclosed in this note. The following is a summary of significant transactions between the Group and other related parties:

(1) Related party name and categories

<u>Related Party Name</u>	<u>Related Party Categories</u>
HOR JING CORP.	Others
HTM MATERIAL CO., LTD.	Others
WADA TECHNOLOGY CO., LTD.	Others
PANEL TRADING CO., LTD.	Others
LEGO STONE CO., LTD	Others
CHIA CHERNG INDUSTRY CO., LTD.	Others
VESSI Footwear LTD. (Note 1)	Others
Wang, Hong-Rong (Note 1)	Others
Wu, Li Hsuch	Others
Chen Wu, Li Show	Others

Note 1: Since October 31, 2024, no longer a related party of the Group.

(2) Operating revenue

<u>Accounts</u>	<u>Category</u>	<u>2025</u>	<u>2024</u>
Operating revenue	Other related party	<u>\$ 91,830</u>	<u>\$ 74,067</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>
Others	<u>\$ 6,350</u>	<u>\$ 3,767</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>
Accounts receivables	Others	\$ 24,936	\$ 36,711

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

(5) Accounts payable-related parties

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

The Group had no insurance for those outstanding accounts payable from related parties.

(6) Lease agreements

<u>Accounts</u>	<u>Category</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Lease liability	Others	\$ -	\$ 1,095
Interest expense	Others	\$ 6	\$ 20

(7) Other

A. Guarantee deposits (recognized as other noncurrent assets)

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Others	\$ 220	\$ 220

B. Commission expense-Operation

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Others	\$ 207	\$ 179

C. Entertainment expense-Operation

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Others	\$ 23	\$ -

(8) Directors, supervisors, and the management's remuneration

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

	<u>2025</u>	<u>2024</u>
Short-term benefits	\$ 29,145	\$ 28,273
Post-employment benefits	621	633
	\$ 29,766	\$ 28,906

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

8. Assets Pledged as Collateral

<u>Assets</u>	<u>Purposes</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
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 Group had issued but not yet used were \$34,268 thousand and \$42,010 thousand for the years ended in 2025 and 2024.
- (2) The Group had signed contracts regarding 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 amount 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-year balance, the interest rate range, and total current period interest with respect to 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. Segment information

(1) Operation

The Group has four segments, including coating and lamination, polymer, TPU and sports (The Sports Department has been discontinued since October 31, 2024). The segments of coating and lamination were for manufacturing; the segment of TPU were mainly for manufacturing of PU resin for shoes, coating and lamination, hardener, and Thermoplastic Polyurethane (TPU) and sales of photo initiators and the major business for production line of finished shoes were mainly from sales of sports shoes and manufacturing.

The Group's unallocated expenses or nonrecurring expenses should allocate to the segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4. The profit or loss for the operating department was measured by operating income or loss before tax and it is the base to evaluate the performance.

(2) Segment information

The Group's operating segment information and reconciliations were as follows:

2025	Coatings	Polymer	TPU	Finished goods of shoes	Others	Reconciliation and elimination	Total
External revenue	\$ 961,439	\$ 677,672	\$ 236,332	\$ -	\$ -	\$ -	\$1,875,443
Inter-Segment revenue	\$ 1,259	\$ 329,171	\$ 75,245	\$ -	\$ -	\$ (405,675)	\$ -
Segment profit or loss	\$ 101,895	\$ 39,904	\$ (21,870)	\$ -	\$ -	\$ (8,189)	\$ 111,740
2024	Coatings	Polymer	TPU	Finished goods of shoes	Others	Reconciliation and elimination	Total
External revenue	\$1,006,767	\$ 652,101	\$ 200,874	\$ 48,097	\$ -	\$ -	\$1,907,839
Inter-Segment revenue	\$ 3,486	\$ 330,997	\$ 79,449	\$ 2,966	\$ -	\$ (416,898)	\$ -
Segment profit or loss	\$ 39,672	\$ 62,424	\$ (35,782)	\$ (45,737)	\$ -	\$ 50,049	\$ 70,626

(3) Information by product and service.

The Group has operating activities only in Taiwan.

(4) Information on major customers

Information of single customers whose revenue comprised up to 10% of the Group's total revenue:

	2025	2024
Customer B	\$ 227,477	\$ 289,602

Table 1

Shuang Bang Industrial Corporation and Subsidiaries
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	Carrying amount	Ownership (%)	Fair value	
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 and Subsidiaries
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	—	1.04
				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 on investee
For year ended December 31, 2025
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main business	Original investment amount		Balance as of December 31, 2025			Net income (loss) of the investees (note 1)	Share of Profits/Losses of Investee (Note 1)	Note
				December 31, 2025	December 31, 2024	Shares (in thousand)	Percentage of ownership %	Carrying value			
Shuang Bang Corporation	Miracle textile industry Co., LTD.	Taiwan	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.

Table 4

Shuang Bang Industrial Corporation and Subsidiaries
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 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 Group did not have any investments in Mainland China currently.