Stock Code: 1735

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements and Independent Auditor's Report

2025 and 2024

Address: No. 7, Gongye S. 2nd Rd., Nantou City, Nantou County 540, Taiwan (R.O.C.)

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Statement of Affiliate's Consolidated Financial Report

For the year ended December 31, 2025, the Company complies with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises in that the companies that should be included in the preparation of the consolidated financial statements of the affiliated companies are the same as the companies that should be included in the preparation of the consolidated financial statements of the parent and subsidiary companies in accordance with IFRS 10. In addition, the relevant information that should be disclosed in the consolidated financial statements of the associated companies has been disclosed in the consolidated financial statements of the parent and subsidiary companies of the former disclosure. Therefore, there is no need to prepare the consolidated financial statements of associated companies separately.

Hereby declared by

Company Name: Evermore Chemical Industry Co., Ltd.

Chairman: Ho Wen-Chieh

March 10, 2026

INDEPENDENT AUDITORS' REPORT

To Evermore Chemical Industry Co., Ltd.

Audit Opinion

We have audited the accompanying consolidated financial statements of Evermore Chemical Industry Co., Ltd. (the Company) and its subsidiaries (the Group), which comprise the balance sheets as of December 31, 2025 and 2024, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the aforementioned consolidated financial statements in all major respects are in compliance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretation, or SIC Interpretation endorsed by the Financial Supervisory Commission. They are sufficient to adequately express the consolidated financial status of Evermore Group as of December 31, 2025 and 2024 and its consolidated financial performance and consolidated cash flow from January 1 through December 31, 2025 and 2024.

Basis for Opinion

We are entrusted to conduct the audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of the report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters refer to the most important matters for the audit of Evermore Group's 2025 consolidated financial statements based on our professional judgment. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of Evermore Group's 2025 consolidated financial statements are hereby stated as follows:

Authenticity of revenue recognition for specific customers

The main source of the Group's revenue is the sales of resins. In the operating revenue in 2025, the amount of transactions with specific customers were critical to the overall operating revenue. Meanwhile, subject to the epidemic and changes economic environment, there was a significant risk to the authenticity of their revenue and, therefore, the authenticity of revenue recognition for specific customers was listed as a key audit matter. For accounting policies related to revenue recognition, please refer to Note IV of consolidated financial statements.

The main audit procedures that we have implemented in response to the above key audit matters are as follows:

1. Understand and evaluate internal control design related to inspection and risk in the sales and collection cycle, and execute tests of its effectiveness.
2. Select samples from the sales details of specific customers, review relevant documents such as shipment orders and export declarations, and check whether collection counterparties are consistent with sales counterparties.

Miscellaneous

Evermore Chemical Industry Co., Ltd. has prepared parent company only financial statements for 2025 and 2024, and the audit reports with unqualified opinions that we have issued are on file for reference.

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 IFRS, IAS, 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's ability to continue operations, disclosing related matters, as well as continuing operations with the basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no feasible alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of 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 auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards, 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 misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit 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 a 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.
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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 2025 consolidated financial statements 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.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2026

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2025 and 2024

Unit: NTD thousand

Code	ASSETS	December31, 2025 Amount	%	December 31, 2024 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes IV and VI)	$ 393,681	13	$ 341,674	10
1136	Financial assets measured at amortized cost - current (Notes IV, VII and XXV)	17,215	1	17,893	1
1150	Notes receivable (Notes IV and VIII)	144,343	5	164,661	5
1170	Accounts receivable due from non-related parties (Notes IV and VIII)	363,298	12	406,488	12
1180	Accounts receivable due from related parties (Notes IV, VIII, and XXIV)	34,313	1	55,840	2
1200	Other receivables, net (Note XXIV)	21,483	1	5,541	-
1220	Current tax assets (Notes IV and XIX)	3,129	-	2,204	-
130X	Inventories (Notes IV and IX)	496,009	17	566,322	17
1410	Prepayments	43,909	1	53,888	2
1479	Other current assets	335	-	607	-
11XX	Total current assets	1,517,715	51	1,615,118	49
	NON-CURRENT ASSETS				
1600	Property, plant, and equipment (Notes IV, XI and XXV)	1,268,968	43	1,386,165	42
1755	Right-of-use assets (Notes IV and XII)	82,350	3	191,738	6
1760	Investment real estate (Note IV)	1,007	-	1,007	-
1780	Intangible assets (Note IV)	8,146	-	9,373	-
1805	Goodwill (Notes IV and XIII)	44,191	2	43,716	2
1840	Deferred tax assets (Notes IV and XIX)	19,145	1	24,564	1
1915	Prepayments for equipment	10,759	-	5,314	-
1920	Refundable deposits	3,094	-	2,976	-
15XX	Total non-current assets	1,437,660	49	1,664,853	51
1XXX	TOTAL	$ 2,955,375	100	$ 3,279,971	100

Code	LIABILITIES AND EQUITY				
	Current liabilities:				
2100	Short-term bank loans (Notes XIV and XXV)	$ 678,173	23	$ 770,038	24
2110	Short term notes and bills payable (Note XIV)	-	-	129,952	4
2150	Notes payable	3,104	-	3,228	-
2170	Accounts payable (Note XXIV)	205,565	7	264,638	8
2200	Other payables (Notes XV and XXIV)	118,296	4	143,364	5
2230	Current tax liabilities (Notes IV and XIX)	11,820	1	9,391	-
2280	Lease liabilities - current (Notes IV and XII)	4,001	-	3,955	-
2322	Long-term bank loans due within one year (Notes XIV and XXV)	212,500	7	92,617	3
2399	Other current liabilities	7,389	-	11,414	-
21XX	Total current liabilities	1,240,848	42	1,428,597	44
	Non-current liabilities				
2541	Long-term bank loans (Notes XIV and XXV)	76,667	2	192,500	6
2570	Deferred tax liabilities (Notes IV and XIX)	63,186	2	59,554	2
2580	Lease liabilities - non-current (Notes IV and XII)	21,769	1	25,769	-
2645	Guarantee deposits	509	-	448	-
25XX	Total non-current liabilities	162,131	5	278,271	8
2XXX	Total liabilities	1,402,979	47	1,706,868	52
	EQUITY				
3110	Share capital from common stock	993,880	34	993,880	30
3200	Capital surplus	98,017	3	98,017	3
	Retained earnings				
3310	Legal reserves	243,716	8	234,075	7
3320	Special reserve	-	-	13,937	-
3350	Undistributed earnings	220,811	8	218,401	7
3400	Other equity	(4,028)	-	14,793	1
3XXX	Total equity	1,552,396	53	1,573,103	48
	TOTAL	$ 2,955,375	100	$ 3,279,971	100

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

Chairman: Ho Wen-Chieh Managerial Officer: Huang Chang-Tze Accounting Officer: Chen Hsiang-Li

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

January 1 to December 31, 2025 and 2024

Unit: NTD Thousand, Except that Earnings Per Share is NTD

Code		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue, net (Notes IV and XXIV)	$ 2,303,489	100	$ 2,646,091	100
5000	Operating costs (Notes IX, XVIII and XXIV)	1,885,834	82	2,176,756	82
5900	Gross operating profit	417,655	18	469,335	18
	OPERATING EXPENSES (Note XVIII)				
6100	Selling and marketing expenses	149,770	6	157,902	6
6200	Management expenses	153,545	6	170,248	6
6300	Research and development expenses	63,248	3	66,071	3
6450	Expected credit loss (gain) (Notes IV and VIII)	(1,124)	-	(31,654)	(1)
6000	Total operating expenses	365,439	15	362,567	14
6900	Net operating profit	52,216	3	106,768	4
	Non-operating revenue and expenditure				
7010	Other revenue	18,584	1	14,401	1
7020	Other gains and losses	(742)	-	(1,650)	-
7100	Interest income	10,429	-	8,510	-
7210	Gains (Losses) from disposal of property, plant, and equipment	12,721	1	(149)	-
7225	Gain on disposal of subsidiary	48,822	2	-	-
7230	Foreign currency exchange net gains (loss)	(19,483)	(1)	22,699	1
7510	Interest expense	(22,615)	(1)	(22,445)	(1)
7000	Total non-operating income and expenses	47,716	2	21,366	1

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Code		2025 Amount	2025 %	2024 Amount	2024 %
7900	Net profits before tax	$ 99,932	5	$ 128,134	5
7950	INCOME TAX EXPENSE (Notes IV and XIX)	22,308	1	31,721	1
8200	Net income	77,624	4	96,413	4
	OTHER COMPREHENSIVE INCOME (LOSS) (Note IV)				
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	(23,517)	(1)	35,929	1
8399	Income tax related to items that may be reclassified to profit or loss	4,696	-	(7,199)	-
8300	Other comprehensive income (loss) for the year, net of tax	(18,821)	(1)	28,730	1
8500	Total comprehensive income	$ 58,803	3	$ 125,143	5
	EARNINGS PER SHARE (Note XX)				
9750	Basic	$ 0.78		$ 0.97	
9850	Diluted	$ 0.78		$ 0.97	

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

Chairman: Ho Wen-Chieh Managerial Officer: Huang Chang-Tze Accounting Officer: Chen Hsiang-Li

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

January 1 to December 31, 2025 and 2024

Unit: NTD thousand

Code		EQUITY						
		Share capital from common stock (Note XVII)	Capital surplus (Note XVII)	Retained Earnings (Note XVII)			Exchange differences on translation of foreign financial statements	Total equity
				Legal reserves	Special reserve	Undistributed earnings		
A1	Balance on January 1, 2024	$ 993,880	$ 98,017	$ 226,553	$ -	$ 193,141	($ 13,937)	$ 1,497,654
	Earnings allocation and distribution for 2023							
B1	Legal reserves	-	-	7,522	-	(7,522)	-	-
B3	Special reserve	-	-	-	13,937	(13,937)	-	-
B5	Cash dividends to the Company's shareholders	-	-	-	-	(49,694)	-	(49,694)
D1	2024 net profit	-	-	-	-	96,413	-	96,413
D3	Other comprehensive income after tax for 2024	-	-	-	-	-	28,730	28,730
D5	Total comprehensive income for 2024	-	-	-	-	96,413	28,730	125,143
Z1	Balance on December 31, 2024	993,880	98,017	234,075	13,937	218,401	14,793	1,573,103
	Earnings allocation and distribution for 2024							
B1	Legal reserves	-	-	9,641	-	(9,641)	-	-
B5	Cash dividends to the Company's shareholders	-	-	-	-	(79,510)	-	(79,510)
B17	Reversal of special reserve	-	-	-	(13,937)	13,937	-	-
D1	2025 net profit	-	-	-	-	77,624	-	77,624
D3	Other comprehensive income after tax for 2025	-	-	-	-	-	(18,821)	(18,821)
D5	Total comprehensive income for 2025	-	-	-	-	77,624	(18,821)	58,803
Z1	Balance on December 31, 2025	$ 993,880	$ 98,017	$ 243,716	$ -	$ 220,811	($ 4,028)	$ 1,552,396

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

Chairman: Ho Wen-Chieh Managerial Officer: Huang Chang-Tze Accounting Officer: Chen Hsiang-Li

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW

January 1 to December 31, 2025 and 2024

Unit: NTD thousand

Code		2025	2024
	CASH FLOW FROM OPERATING ACTIVITIES		
A10000	Income before tax	$ 99,932	$ 128,134
A20000	Adjustments for:		
A20100	Depreciation expense	110,701	111,536
A20200	Amortization expense	1,538	1,900
A20300	Reversal gain of expected credit impairment	(1,124)	(31,654)
A20900	Interest expense	22,615	22,445
A21200	Interest income	(10,429)	(8,510)
A22500	Loss (gain) on disposal of property, plant, and equipment	(12,721)	149
A23700	Losses on (Gains on reversal of) market price decline and obsolete and slow-moving inventories	(2,808)	7,356
A24100	Foreign exchange losses (gains)	3,073	(1,900)
A29900	Gain on disposal of subsidiary	(48,822)	-
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	20,941	(10,654)
A31150	Accounts receivable	59,220	23,179
A31180	Other receivables	3,021	7,849
A31200	Inventories	69,716	12,173
A31230	Prepayments	5,549	(1,885)
A31240	Other current assets	272	(378)
A32130	Notes payable	(124)	(208)
A32150	Accounts payable	(56,984)	(2,130)
A32180	Other payables	(29,875)	23,890
A32230	Other current liabilities	(4,025)	1,913
A33000	Cash generated from operations	229,666	283,205
A33100	Interest received	10,429	8,510
A33300	Interest paid	(20,720)	(20,772)
A33500	Income tax paid	(6,791)	(32,405)
AAAA	Net cash flow from operating activities	212,584	238,538
	CASH FLOW FROM INVESTING ACTIVITIES		
B02200	Net cash inflow from disposal of subsidiaries	152,269	-
B02700	Payments for property, plant, and equipment	(33,574)	(85,139)

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Code		2025	2024
B02800	Proceeds from disposal of property, plant, and equipment	$ 30,350	$ 140
B03700	Decrease (increase) in refundable deposits	(109)	(74)
B04500	Acquisition of intangible assets	(126)	(491)
B07100	Increase in prepayments for equipment	(6,500)	(10,539)
BBBB	Net cash inflow (outflow) from investing activities	142,310	(96,103)
	CASH FLOW FROM FINANCING ACTIVITIES		
C00100	Proceeds from short-term borrowings	5,738,548	5,813,974
C00200	Repayments of short-term borrowings	(5,831,912)	(5,932,822)
C00600	Net increase (decrease) in short-term notes and bills payable	(131,724)	88,463
C01600	Proceeds from long-term borrowings	96,667	-
C01700	Repayments of long-term borrowings	(92,617)	(91,500)
C04020	Payments of lease liabilities	(3,955)	(3,912)
C04500	Dividends paid to owners of the Company	(79,510)	(49,694)
CCCC	Net cash flow used in financing activities	(304,503)	(175,491)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	1,616	1,946
EEEE	Net increase (decrease) in cash and cash equivalents for the year	52,007	(31,110)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	341,674	372,784
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 393,681	$ 341,674

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

Chairman: Ho Wen-Chieh Managerial Officer: Huang Chang-Tze Accounting Officer: Chen Hsiang-Li

I. COMPANY HISTORY

Evermore Chemical Industry Co., Ltd. (the "Company") was incorporated in 1989. The Company's shares were listed on the Taiwan Stock Exchange ("TWSE") in 2002 after being traded on the Taipei Exchange ("TPEx") since 2000.

The Company mainly engages in the manufacturing and selling of synthetic resin, synthetic chemistry, and investment related business operations.

The parent company of the Company is AICA Kogyo Company Limited (AICA) of Japan. As of December 31, 2025 and 2024, it held 50.1% of the Company's common stock.

II. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on March 10, 2026.

III. APPLICATION OF NEW, AMENDED, AND REVISED STANDARDS AND INTERPRETATIONS

(I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations, or SIC Interpretations endorsed by the Financial Supervisory Commission (hereafter IFRSs)

Amendments to IAS 21 "Lack of Exchangeability"

Amendments to IAS 21 "Lack of Exchangeability" will not have a significant change in the Group's accounting policies.

(II) IFRSs endorsed by the FSC applicable in 2026

New, Revised or Amended Standards and Interpretations	Effective date of IASB announcement
Amendments to IFRS 9 and IAS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendment to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
"Annual Improvements to IFRS - Volume 11"	January 1, 2026
IFRS 17 "Insurance Contracts" (including amendments in 2020 and 2021)	January 1, 2023

As of the date the consolidated financial statements were authorized for issue, the consolidated entity assessed that there would be no material impact of the initial application of said standards and the amendments on its financial position and results of operations.

(III) New IFRSs in issue by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended 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"	Unresolved
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 2)
IFRS No. 19 "Subsidiaries without Public Accountability: Disclosures" (including amendments in 2025)	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027

Note 1: Unless otherwise specified, all new/amended/modified standards and interpretations above shall take effect from the financial year that begins after the specified date.

Note 2: On September 25, 2025, the FSC announced that Taiwanese companies will be required to adopt IFRS 18 starting January 1, 2028, or may choose to adopt it earlier with FSC approval.

IFRS 18 "Presentation and Disclosure in Financial Statements" and related amendments

IFRS 18 will replace IAS 1 "Presentation of Financial Statements." The main changes in this standard include:

- The Group shall assess whether it has invested in specific types of assets and provided financing for customers' key operating activities, thereby classifying the income and expense items in the income statement into operating, investing, financing, income tax, and discontinued operations.
- The income statement shall report the operating income, pre-tax income before financing, and the subtotal and total of profit and loss.
- Provide guidance on the aggregation and disaggregation rules: The Group must identify the assets, liabilities, equity, income, expenses and cash flows generated from individual transactions or other matters, and classify and aggregate them based on the common characteristics, so that at least one of the items in the financial statements has a similar characteristic. Items with un-similar characteristics should be disaggregated in the primary financial statements and in the notes. The Group only marks such items as "others" when it is impossible to find a more information sign.
- Increase the disclosure of performance measures defined by management: When a Group engages in public communication outside of financial statements, and when communicating management's perspective on a specific aspect of the Group's overall financial performance to users of the financial statements, it should disclose information about performance measures defined by management in a single note to the financial statements. This includes a description of the measure, how it is calculated, a reconciliation with subtotals or totals specified by IFRS accounting standards, and the impact of related reconciliation items on income tax and non-controlling interests.

In addition, the following amendments were made to IAS 7, "Statement of Cash Flows":

- When the Group prepares the cash flow statement of operating activities using the indirect method, operating profit or loss should be used as the starting point for adjustment.
- The interest and dividends received by the Group should be classified as investment activities, and the interest and dividends paid should be classified as financing activities. If the Group is assessed to have specific primary operating activities, it must consider the types of dividend income, interest income, and interest expense presented in the income statement to determine how to classify the receipt of dividends, receipt of interest, and payment of interest in the statement of cash flows. However, these cash flows can only be classified separately within a single activity in the statement of cash flows.

In addition to the above effects, as of the date the consolidated financial statements were approved for issue, the Group is continuously assessing the possible other impact that the application of each standard and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(I) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed by the FSC.

(II) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments.

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:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2. Level 2 inputs are 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
3. Level 3 inputs are unobservable inputs for the asset or liability.

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

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the reporting period; and
3. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting period, and
3. Liabilities for which there is no substantive right to defer settlement beyond the balance sheet date to at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

(IV) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. 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 upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling 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 interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

If the consolidated entity loses control over the subsidiary, a gain or loss is calculated as the difference between: (1) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and (2) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

The investment retained in the former subsidiary is to be recognized initially at its fair

value at the date when control is lost.

Refer to Note X and Table 5 and 6 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

(V) Business mergers

Business mergers are handled by the acquisition method. Acquisition-related costs are included as expenses in the year in which the cost is incurred and the service is obtained.

Goodwill is measured by the total amount of the fair value of the transfer consideration and the fair value of the acquirer's previously held equity at the acquisition date over the net amount of identifiable assets acquired and liabilities assumed on the acquisition date.

The acquiree has the current ownership interest and is entitled to pro rata non-controlling interest in the acquiree's net assets at the time of liquidation, measured by fair value. Other non-controlling interests are measured at fair value.

If the measurement of identifiable assets acquired and liabilities assumed due to a business combination has not been completed, the balance sheet date is recognized as a provisional amount. During the measurement period, retrospective adjustments are made or additional assets or liabilities are recognized to reflect the obtained new information about the facts and circumstances that existed on the acquisition date.

(VI) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e. 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 closing rates. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are 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 recognized in profit or loss for the year except for exchange differences arising from 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 at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and the Group entities are translated into the presentation currency - New Taiwan dollars. Income and expense items are translated in accordance with the current average exchange rates and the exchange differences are booked in the other comprehensive profit or loss.

(VII) Inventories

Inventories consist of raw materials, finished goods, and merchandise. Inventories are stated at the lower cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost.

(VIII) Investment in associate

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When impairment loss is evaluated, the entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increase.

When a group entity transacts with its associates, profits and losses on these transactions are recognized in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(IX) Property, plant, and equipment

Property, plant, and equipment are stated at cost minus accumulated depreciation.

Property, plant, and equipment in the course of construction are carried at cost. The assets were measured at the lower of the costs and net realizable value to the extent of being ready for use. The proceeds from sale and costs thereof were classified into the income. Such properties are classified to the appropriate categories of property, plant, and equipment when completed and ready for intended use and depreciated accordingly.

Depreciation of property, plant, and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values, and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

(X) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use

Investment property is initially measured at cost (including transaction costs), and the subsequent measurement is the cost minus accumulated depreciation. Investment property is depreciated using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds, and the carrying amount of the asset is included in profit or loss.

(XI) Goodwill

The goodwill obtained from a business combination is based on the amount of goodwill recognized on the acquisition date as the cost. Subsequent measurement is based on the cost minus the accumulated impairment loss.

For the purpose of impairment testing, goodwill is allocated to each cash-generating unit or group of cash-generating units that the consolidated entity expects to benefit from the synergy of the merger (hereafter abbreviated to "cash-generating unit").

The cash-generating unit of the assessed goodwill conducts an impairment test of the unit every year (and when there are signs that the unit may have been impaired) by comparing the carrying value of the unit containing the goodwill and its recoverable amount. If the goodwill allocated to the cash-generating unit is obtained from a business combination in the current year, then the unit shall conduct an impairment test before the end of the current year. If the recoverable amount of the cash-generating unit of the assessed goodwill is lower than its carrying value, the impairment losses are to first reduce the carrying value of the cash-generating unit's assessed goodwill, and then reduce the carrying value of each asset in proportion to the carrying value of the other assets in the unit. Any impairment losses are directly recognized as losses for the current year. Goodwill impairment losses shall not be reversed in subsequent periods.

When disposing of a certain operation within the cash-generating unit of the assessed goodwill, the amount of goodwill related to the dispositioned operation is included in the carrying value of the operation to determine the disposition profit and loss.

(XII) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost minus accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

(XIII) Impairment of property, plant and equipment, right of use assets, investment properties and intangible assets

The Group evaluates on each balance sheet date whether there are any signs of possible impairment of property, plant and equipment, right of use assets, and intangible assets 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 to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 asset or 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 for the asset or cash-generating unit (net of amortization and depreciation) had no impairment loss been recognized in the previous year. A reversal of an impairment loss is recognized in profit or loss.

(XIV) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

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

1. Measurement Category

Financial assets held by the Group are financial assets measured at amortized cost.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

(1) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flow; and

(2) The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, notes and trade receivables at amortized cost, other receivables, other financial asset and refundable deposits) are measured at amortized cost, which equals to the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Credit-impaired financial assets refers to when there is a significant financial difficulty or a breach of contract of the issuer or debtor, the debtor will enter bankruptcy or other financial reorganization, or the disappearance of an active market because the financial instruments are no longer publicly traded.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

2. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime Expected Credit Loss (i.e. ECL) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

To manage the internal credit risk, the Group determined that the following situations represent a default of financial assets without considering the collateral information:

(1) Internal or external information indicates that debt settlement is no longer possible for the debtor.

(2) Past due more than 90 days, unless there is reasonable evidence as the appropriate reason for the delay.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3. Derecognition of financial assets

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

For derecognition of financial assets measured at amortized cost, any difference between the carrying amount and consideration is recognized as gains/losses.

Financial liabilities

1. Subsequent measurement

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

2. Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(XV) Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date the Group transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

For the revenue from sale of goods, when the products are delivered, shipped or provided to the destination designated by the customers and the customers take over the products, the Company recognizes the revenue and receivable accounts at the same time.

(XVI) Leasing

The consolidated entity evaluates whether a contract meets the criteria of (or includes arrangements characterized as) lease on the day of establishment.

1. The Group as the lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under the operating lease, the rent less the lease incentives was recognized as income based on the straight-line method in the duration of the leasehold. The original direct cost generated from operating leases plus the carrying amount of underlying assets was stated as expenses on a straight-line basis over the lease term.

2. The Group as the lessee

The consolidated entity recognizes right-of-use assets and lease liabilities from the lease start date, except for exempted low-value and short-term leases where expenses are recognized on a straight-line basis over the lease tenor.

Right-of-use assets are measured at cost at initiation (including the initial amount of lease liability, lease payments made before the lease start date, and the initial direct cost), and subsequently at cost less accumulated depreciation and accumulated impairment loss with adjustments made to the remeasurement account for lease liability. Right-of-use assets are presented individually on the balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the lease start date until the end of useful life or upon expiry of the lease tenor, whichever is earlier.

The lease liabilities are measured based on the present value of the lease payment (including fixed payment). If the implied interest rate of a lease is easy to be confirmed, the rate is applied to discount the lease payment. If the rate is not easy to be confirmed, the lessee's incremental borrowing rate of interest will be applied.

Subsequently, the lease liabilities are measured at the amortized cost under the effective interest method, and the interest expense are allocated during the lease periods. If there is any change in the lease period the consolidated company shall re-measure the lease liabilities, and relatively adjusts the right-of-use assets, provided that if the carrying amount of the right-of-use asset has decreased to zero, the remaining re-measured amount is recognized in into the income. For the leasehold modification not treated as the separate leasehold, the lease liability remeasurement resulting from reduction of the scope of lease refers to reduction of the right-of-use assets, and profit or loss from termination of the lease, in whole or in part, is recognized. The lease liability remeasurement resulting from other modifications refers to adjustment of the right-of-use assets. Lease liabilities are presented individually on the balance sheet.

(XVII) Borrowing cost

All borrowing costs are stated as income when they are incurred.

(XVIII) Government subsidies

Government subsidies are recognized only when it is reasonably certain that the consolidated entity will comply with the conditions attached to the government subsidies and will receive the subsidies.

Government subsidies related to income are recognized in other revenues on a systematic basis during the period when the related costs that they intend to compensate are recognized as expenses by the consolidated company.

If government subsidies are used to offset expenses or losses incurred, or used for the purpose of providing immediate financial support to the consolidated entity and there are no future related costs, they are recognized in profit and loss during the period when they can be collected.

(XIX) Employee benefits

1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

(XX) Income taxes

Income tax expense is the sum of the current income tax and deferred income tax.

1. Current income tax

The consolidated entity determines current income (loss) in accordance with the laws and regulations established by each income tax reporting jurisdiction, based on the calculation of income tax payable (recoverable).

Income tax on undistributed surplus earnings is calculated in accordance with the provisions of the Income Tax Act of the Republic of China and recognized in the annual resolution of the shareholders' meeting.

The adjustment to prior period income tax payable is booked as current income tax.

2. Deferred income tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax liability is generally recognized for all taxable temporary differences, while deferred tax asset is recognized is recognized for deductible temporary

differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred income taxes

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive profit or loss or directly included in the equity are recognized in the other comprehensive profit or loss or directly included in the equity.

V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is 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 relevant. Actual results may differ from these estimates.

In order to develop the important accounting estimates, the consolidated entity took into account the potential impact when estimating the cash flow, growth rate, discount rate and

profitability. The management will review the estimates and underlying assumptions on an ongoing basis.

The accounting policies, estimates and basic assumptions are without uncertainties upon the assessment of the management of the Group.

VI. CASH AND CASH EQUIVALENTS

	December 31, 2025	December 31, 2024
Cash on hand and petty cash	$ 880	$ 1,545
Checking accounts and demand deposits	381,686	337,130
Cash equivalent		
Time deposits with original maturities of less than 3 months	11,115	2,999
	$ 393,681	$ 341,674

VII. Financial assets measured at amortized cost - current

	December 31, 2025	December 31, 2024
Bank time deposits with original maturities of more than 3 months	$ 17,215	$ 17,893
Rates of interest per annum (%)	1.7-3.8	1.7-4.4

For the information about pledge of the financial assets measured at amortized cost, please refer to Note XXV.

VIII. Notes receivable and accounts receivable

	December 31, 2025	December 31, 2024
Notes receivable		
Notes receivable - operating	$ 144,343	$ 164,661
Less: Loss allowance	-	-
	$ 144,343	$ 164,661
Trade receivables - unrelated parties		
Measured by cost after amortization		
Total carrying amount	$ 443,215	$ 487,263
Less: Loss allowance	(79,917)	(80,775)
	$ 363,298	$ 406,488

	December 31, 2025	December 31, 2024
Accounts receivables - related parties		
Measured by cost after amortization		
Total carrying amount	$ 34,313	$ 55,840
Less: Loss allowance	-	-
	$ 34,313	$ 55,840

(I) Notes receivable

The aging of notes receivable was as follows:

	December 31, 2025	December 31, 2024
Not past due	$ 144,343	$ 164,661
Past due	-	-
Total	$ 144,343	$ 164,661

The above aging schedule was based on the number of past due days from the invoice date.

(II) Accounts receivable

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. Accordingly, the consolidated company's management believes that the consolidated company's credit risk is significantly reduced.

The consolidated entity recognizes loss provisions on accounts receivable based on expected credit losses over the duration. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

Loss provisions on accounts receivable recognized by the consolidated entity are as follows:

	Not Past Due	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
December 31, 2025					
Expected credit loss rate (%)	0-1	1-3	4-100	10-100	
Total carrying amount	$ 388,455	$ 7,461	$ 276	$ 81,336	$ 477,528
Allowance for loss (Expected credit loss during the period)	(2,072)	(112)	(82)	(77,651)	(79,917)
Amortized cost	$ 386,383	$ 7,349	$ 194	$ 3,685	$ 397,611
December 31, 2024					
Expected credit loss rate (%)	0-1	1-3	4-100	10-100	
Total carrying amount	$ 449,130	$ 9,166	$ 919	$ 83,888	$ 543,103
Allowance for loss (Expected credit loss during the period)	(2,734)	(114)	(46)	(77,881)	(80,775)
Amortized cost	$ 446,396	$ 9,052	$ 873	$ 6,007	$ 462,328

The movements of the loss allowance of notes and accounts receivables are as follows:

	2025	2024
Balance at Beginning of Year	$ 80,775	$ 111,537
Reversed impairment losses for the current year	(1,124)	(31,654)
Actual write-offs for the current year	-	(2,096)
Foreign exchange gains and losses	266	2,988
Balance at End of Year	$ 79,917	$ 80,775

IX. Inventories

	December 31, 2025	December 31, 2024
Finished goods	$ 233,999	$ 233,856
Raw materials and supplies	223,192	260,331
Merchandise	32,148	57,119
Inventories in transit	6,670	15,016
	$ 496,009	$ 566,322

The nature of the cost of goods sold was as follows:

	2025	2024
Cost of inventories sold	$ 1,846,120	$ 2,131,889
Inventory devaluation (or reversal ns)	(2,808)	7,356
Unallocated production overhead	40,000	35,079
Revenue from sale of scraps	(1,344)	(1,633)
Other	3,866	4,065
	$ 1,885,834	$ 2,176,756

A rebound in net realizable value of inventories was caused by increases in the sales prices of inventory in specific markets.

X. SUBSIDIARIES

Subsidiary included in the consolidated financial statements:

		% of Ownership	
Name of investor	Investee	December 31, 2025	December 31, 2024
The Company	NEOLITE INVESTMENTS LIMITED（NEOLITE）	100	100
	GIANT STAR TRADING CO., LTD (GIANT STAR)	100	100
	CHEM-MAT TECHNOLOGIES CO., LTD (CHEM-MAT)	100	100
	U-BEST VIETNAM POLYMER INDUSTRY COMPANY LIMITED（U-BEST）	100	100
	SUCCESS INVESTMENTS LIMITED（SUCCESS）	-	100
	TOPWELL ELASTIC TECHNOLOGY CO., LTD (TOPWELL)	100	100
CHEM-MAT	LEADERSHIP (SHANG HAI) CO., LTD.)(LEADERSHIP (SHANG HAI))	-	100
NEOLITE	LIBERTY BELL INVESTMENTS LTD. (LIBERTY BELL)	100	100
LIBERTY BELL	POU CHIEN CHEMICAL CO., LTD. (POU CHIEN)	100	100
POU CHIEN	TOPCO (SHANGHAI) CO., LTD.(TOPCO (SHANGHAI))	100	100
SUCCESS	VIETNAM SUNYAD TECHNOLOGY LIMITED（SUNYAD）	-	100

Refer to Tables 5 and 6 following the notes to consolidated financial statements for the information on subsidiaries' places of incorporation and principal places of business.

GIANT STAR returned capital of NT$81,000 thousand in cash in April 2024 and NT$44,000 thousand in cash in November 2025.

In November 2024, CHEM-MAT resolved to liquidate LEADERSHIP SHANGHAI, and the liquidation was completed in March 2025.

Please refer to Note 21 for the disclosure regarding the Company's disposal of SUCCESS.

XI. PROPERTY, PLANT, AND EQUIPMENT

2025	Land	Building	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost						
Balance at Beginning of Year	$ 734,550	$ 863,083	$ 1,373,021	$ 28,537	$ 383,656	$ 3,382,847
Add	-	2,018	25,553	250	6,385	34,206
Disposal	(10,026)	(76,402)	(21,186)	(1,849)	(4,848)	(114,311)
Reclassified	-	-	272	-	783	1,055
Effects of Foreign Currency Exchange Differences	1,106	(2,952)	(1,645)	95	(411)	(3,807)
Balance at End of Year	$ 725,630	$ 785,747	$ 1,376,015	$ 27,033	$ 385,565	$ 3,299,990
Accumulated depreciation						
Balance at Beginning of Year	$ -	$ 550,985	$ 1,135,748	$ 25,133	$ 284,816	$ 1,996,682
Add	-	28,010	48,987	1,429	22,275	100,701
Disposal	-	(42,719)	(15,006)	(1,849)	(4,781)	(64,355)
Effects of Foreign Currency Exchange Differences	-	(451)	(1,558)	103	(100)	(2,006)
Balance at End of Year	$ -	$ 535,825	$ 1,168,171	$ 24,816	$ 302,210	$ 2,031,022
Net end-of-year amount	$ 725,630	$ 249,922	$ 207,844	$ 2,217	$ 83,355	$ 1,268,968
2024						
Cost						
Balance at Beginning of Year	$ 732,859	$ 839,594	$ 1,273,515	$ 28,107	$ 347,364	$ 3,221,439
Add	-	7,938	45,482	-	28,484	81,904
Disposal	-	-	(14,003)	-	(2,151)	(16,154)
Reclassified	-	-	55,783	-	7,253	63,036
Effects of Foreign Currency Exchange Differences	1,691	15,551	12,244	430	2,706	32,622
Balance at End of Year	$ 734,550	$ 863,083	$ 1,373,021	$ 28,537	$ 383,656	$ 3,382,847
Accumulated depreciation						
Balance at Beginning of Year	$ -	$ 510,762	$ 1,090,217	$ 22,985	$ 261,536	$ 1,885,500
Add	-	28,553	47,900	1,834	23,010	101,297
Disposal	-	-	(13,797)	-	(2,070)	(15,867)
Effects of Foreign Currency Exchange Differences	-	11,670	11,428	314	2,340	25,752
Balance at End of Year	$ -	$ 550,985	$ 1,135,748	$ 25,133	$ 284,816	$ 1,996,682
Net end-of-year amount	$ 734,550	$ 312,098	$ 237,273	$ 3,404	$ 98,840	$ 1,386,165

Depreciation expenses are provided on a straight-line basis over useful years shown as follows:

Building	
Main building of the factory premises	25 to 50 years
Additional project	2-50 years
Other	5 years
Machinery and equipment	2-10 years
Transportation equipment	5 years
Other equipment	
Office equipment	2-10 years
Landscape gardening	15 years
Other	2-20 years

For the amounts of pledged collateral used as property, plant and equipment loan guarantees, please refer to Note XXV.

XII. Lease arrangements

(I) Right-of-use assets

	December 31, 2025	December 31, 2024
Carrying amount of right-of-use assets		
Land	$ 57,118	$ 162,468
Building	25,232	29,270
	$ 82,350	$ 191,738

	2025	2024
Depreciation expenses of right-of-use assets		
Land	$ 5,963	$ 6,202
Buildings	4,037	4,037
	$ 10,000	$ 10,239

(II) Lease liabilities

	December 31, 2025	December 31, 2024
Carrying amount of lease liabilities		
Current	$ 4,001	$ 3,955
Non-current asset	$ 21,769	$ 25,769

The discount rate of lease liabilities (%) is stated as following:

	December 31, 2025	December 31, 2024
Building	1.14	1.14

(III) Major leasing activities and terms

It is the consolidated entity's land use rights in mainland China and in Vietnam respectively recognized as current year expenses in 1957 and as the average from 1959 to 1960. The land use is for the construction of production plants, offices and staff dormitories. The Company's building use right in Nantou City, Taiwan, effective for 10 years. The building is used as factory premises and warehouse.

(IV) Other lease information

	2025	2024
Short-term lease expenses	$ 5,028	$ 5,387
Low-value asset lease expenses	$ 368	$ 627
Total cash outflow from rent	$ 9,665	$ 10,285

XIII. Goodwill

	2025	2024
Balance at Beginning of Year	$ 43,716	$ 41,524
Effects of Foreign Currency Exchange Differences	475	2,192
Balance at End of Year	$ 44,191	$ 43,716

The consolidated entity acquired U-BEST and TOPWELL in 2020 respectively. The consideration paid includes the expected merger synergy. Because the transfer consideration exceeds the fair value of the acquired identifiable assets and liabilities, it is recognized as goodwill on the acquisition date.

XIV. Loans

(I) Short-term bank borrowings

	December 31, 2025	December 31, 2024
Mortgage borrowings	$ 510,845	$ 379,412
Credit loans	150,000	376,000
Letter of credit loans	17,328	14,626
	$ 678,173	$ 770,038
Rates of interest per annum (%)		
Mortgage borrowings	1.90-4.18	1.90-5.20
Credit loans	1.85	2.00-2.28
Letter of credit loans	4.39-5.28	5.14-6.06

Mortgage loans are secured by the mortgages of the consolidated company's own land, buildings, and financial assets measured at amortized cost. Please refer to Note XXV.

(II) Short-term bills payable

	December 31, 2025	December 31, 2024
Commercial paper	$ -	$ 130,000
Less: Unamortized discounts on bills payable	-	(48)
	$ -	$ 129,952
Interest Rates (%)	-	1.53-1.79

(III) Long-term bank borrowings

	December 31, 2025	December 31, 2024
Credit loans	$ 192,500	$ 242,500
Mortgage borrowings	96,667	42,617
	289,167	285,117
Less: Current portion	(212,500)	(92,617)
Long-term borrowings	$ 76,667	$ 192,500
Rates of interest per annum (%)		
Credit loans	1.15	1.15
Mortgage borrowings	2.07	2.08-2.35

Mortgage loans are secured by the mortgages of the consolidated entity's own land and buildings. Please refer to Note XXV.

XV. Other payables

	December 31, 2025	December 31, 2024
Payable for salaries and bonuses	$ 54,112	$ 65,516
Payable for commissions and professional service fees	11,075	12,015
Payable for employee's compensation and remuneration of directors and supervisors	7,009	9,329
Payable for freight	5,252	7,236
Payable for purchase of equipment	3,997	3,365
Other	36,851	45,903
	$ 118,296	$ 143,364

XVI. RETIREMENT BENEFIT PLANS

The Company, CHEM-MAT and GIANT STAR of the Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Subsidiaries in China participate in social insurance schemes managed and coordinated by local government agencies. The plan is a system of determining the payment, and paying the pension insurance premium to the government in exchange for managing the social insurance plan, which is included in the current expense when the offer is made.

The employees of the consolidated entity's subsidiaries in Vietnam and Thailand should be identified as the members of the retirement benefit plans operated by the governments of said countries respectively. Each of the subsidiaries shall allocate a specific percentage of the wage costs, in order to raise the fund for the retirement benefit plan. The obligation to be borne by the consolidated entity under the retirement benefit plan operated by the government is limited to allocation of the specific fund.

Other subsidiaries and sub-subsidiaries that are not registered in accordance with the laws of the Republic of China are not required to establish pension regulations, nor provide pensions in accordance with local laws and regulations.

XVII. EQUITY

(I) Share capital from common shares

	December 31, 2025	December 31, 2024
Authorized shares (thousand shares)	120,000	120,000
Authorized capital stock	$ 1,200,000	$ 1,200,000
Shares issued and received in full (thousand shares)	99,388	99,388
Issued share capital	$ 993,880	$ 993,880

(II) Capital surplus

	December 31, 2025	December 31, 2024
Issuance of common shares	$ 70,860	$ 70,860
Treasury share transactions	27,157	27,157
	$ 98,017	$ 98,017

The capital surplus arising from shares issued in excess of par (including share premium from issuance of ordinary shares and treasury share transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year). However, capitalization of this reserve is capped at a certain percentage of the Company's paid-up capital each year.

(III)Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a Statutory reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

The dividend policy considers the future operating expansion and capital expenditures meet the best capital budget and diluted earnings per share, and the annual allocated surplus accounts for at least 50% of the available surplus. Distribution of profits may also be made by way of cash dividend provided; however, the ratio of share dividend shall exceed 25% of total distribution.

An appropriation of earnings to a Statutory reserve shall be made until the Statutory reserve equals the Company's paid-in capital. The Statutory reserve may be used to offset deficit. If the Company has no deficit and the Statutory reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company conducted the annual general meetings in May 2025 and June 2024, and passed the following earnings distribution for 2024 and 2023:

	Appropriation of Earnings		Dividend per share (NTD)	
	2024	2023	2024	2023
Legal reserves	$ 9,641	$ 7,522		
Appropriation (reversal) of special reserve	(13,937)	13,937		
Cash dividend	79,510	49,694	$ 0.8	$ 0.5

In March 2026, the Company's Board of Directors proposed the 2025 earnings distribution plan as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserves	$ 7,762	
Special reserve	4,028	
Cash dividend	64,602	$ 0.65

The earnings distribution plan for 2025 has yet to be resolved at the Annual General Meeting that is expected to be held in May 2026.

XVIII. NET PROFIT

(I) Depreciation and amortization

	2025	2024
Summarization of depreciation expenses by function		
Operating costs	$ 77,068	$ 76,209
Operating expenses	33,633	35,327
	$ 110,701	$ 111,536
Summarization of amortization expenses by function		
Operating costs	$ 97	$ 261
Operating expenses	1,441	1,639
	$ 1,538	$ 1,900

(II) Employee benefit expenses

	2025	2024
Short-term employee benefits	$ 270,052	$ 286,276
Retirement benefits		
Defined contribution plans	13,703	13,269
Other employee benefits	23,178	26,801
Total employee benefit expenses	$ 306,933	$ 326,346
Summarization by function		
Operating costs	$ 143,411	$ 154,817
Operating expenses	163,522	171,529
	$ 306,933	$ 326,346

(III) Employees' compensation and remuneration of directors and supervisors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors and supervisors at rates of 3% to 5% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. In accordance with the amendments to the Securities and Exchange Act in August 2024, the Company has the amendment to its Articles of Incorporation approved at the 2025 Shareholders' Meeting, stipulating that 3% to 5% of pre-tax profits shall allocated to employees before distributing the remuneration for employees, directors and supervisors in the current year, of which at least 50% of profits shall be set aside for distribution to non-executive employees as part of their remuneration. The remuneration to employees (non-executive employees included) and directors/supervisors estimated for 2025 and 2024 was resolved by the Board of Directors in March 2026 and 2025 as follows:

	2025	2024
Employees' compensation (5%)	$ 4,937	$ 6,469
Remuneration of directors and supervisors (2%)	1,975	2,587

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are to be recorded as a change in the accounting estimate.

The Company held Board of Directors meetings in March 2025 and 2024, respectively, which resulted in a difference between the actual employee and director/supervisor remuneration paid and the amounts recognized in the annual consolidated financial statements. This difference was adjusted to the profit and loss for 2025 and 2024, respectively.

	2024		2023	
	Employee remuneration	Remuneration of directors and supervisors	Employee remuneration	Remuneration of directors and supervisors
Amount of dividend distribution resolved by the Board of Directors	$ 6,469	$ 2,587	$ 4,975	$ 1,990
Amount recognized in the annual financial report	$ 6,469	$ 1,226	$ 4,975	$ 943

For information about the remuneration of employees and the remuneration of directors and supervisors as decided by the Board of Directors of the company, please go to the Market Observation Post System of the Taiwan Stock Exchange for inquiries.

XIX TAXES

(I) Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	2025	2024
Current income tax		
In respect of the current year	$ 11,312	$ 17,536
Tax refund on repatriation of overseas funds	(2,762)	-
	8,550	17,536
Deferred tax		
In respect of the current year	13,758	14,185
Income tax expense recognized in profit and loss	$ 22,308	$ 31,721

The accounting income and income tax expenses are adjusted as follows:

	2025	2024
Income tax expense calculated at the statutory rate	$ 19,987	$ 25,627
Nondeductible expenses in determining taxable income	11,658	18,042
Tax-exempt income	(5,465)	(10,985)
Recognition of separate taxation on repatriation of overseas funds in Profit or Loss	(1,232)	-
Land Value Increment Tax	355	-
Unrecognized carryforwad	(721)	(2,006)
Effect of different tax rate of group entities operating in other jurisdictions	488	1,043
Tax refund on repatriation of overseas funds	(2,762)	-
Income tax expense recognized in profit and loss	$ 22,308	$ 31,721

(II) Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

2025	Balance at Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at End of Year
Deferred income tax assets				
Temporary differences				
Inventory write-downs	$ 4,197	($ 40)	$ -	$ 4,157
Exchange differences on translating the financial statements of foreign operations	137	-	2,458	2,595
Investment accounted for using the equity method	17,409	(11,660)	-	5,749
Allowance for losses	21	(21)	-	-
Others	2,800	3,844	-	6,644
	$ 24,564	($ 7,877)	$ 2,458	$ 19,145
Deferred income tax liabilities				
Temporary differences				
Investment accounted for using the equity method	$ 49,522	$ 6,305	$ -	$ 55,827
Exchange differences on translating the financial statements of foreign operations	9,219	-	(2,249)	6,970
Other	813	(424)	-	389
	$ 59,554	$ 5,881	($ 2,249)	$ 63,186

2024				
Deferred income tax assets				
Temporary differences				
Inventory write-downs	$ 4,638	($ 441)	$ -	$ 4,197
Exchange differences on translating the financial statements of foreign operations	1,017	-	(880)	137
Investment accounted for using the equity method	15,272	2,137	-	17,409
Allowance for losses	5,048	(5,027)	-	21
Other	3,503	(703)	-	2,800
	$ 29,478	($ 4,034)	($ 880)	$ 24,564
Deferred income tax liabilities				
Temporary differences				
Investment accounted for using the equity method	$ 40,184	$ 9,338	$ -	$ 49,522
Exchange differences on translating the financial statements of foreign operations	2,916	-	6,303	9,219
Other	-	813	-	813
	$ 43,100	$ 10,151	$ 6,303	$ 59,554

(III) Income tax assessments

The tax collection authority approved the Profit-seeking Enterprise Income Tax Return case for the Group through 2023.

XX. EARNINGS PER SHARE

Unit: NT$ per share

	2025	2024
Basic earnings per share	$ 0.78	$ 0.97
Diluted earnings per share	$ 0.78	$ 0.97

The net profit and weighted average number of common stocks used to calculate the Earnings per Share are stated as following:

Net income

	2025	2024
The net profit used to calculate the Earnings per Share	$ 77,624	$ 96,413
The net profit used to calculate the diluted Earnings per Share	$ 77,624	$ 96,413

Number of shares Unit: Thousand Shares

	2025	2024
The weighted average number of common stocks used to calculate the Earnings per Share	99,388	99,388
Effect of potentially dilutive ordinary shares:		
Employee remuneration	327	365
The weighted average number of common stocks used to calculate the diluted Earnings per Share	99,715	99,753

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares should 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.

XXI. Disposal of subsidiaries

The Group entered into an agreement to dispose of the equity of SUCCESS on November 28, 2025. SUCCESS was responsible for the Group's financial investment and international trade operating. The Group completed the disposal on December 31, 2025 and lost control of the such subsidiary.

(I) Consideration received

	SUCCESS Company
Cash and cash equivalents	$ 164,633
Investment proceeds receivable	18,361
Total consideration received	$ 182,994

(II) Analysis of assets and liabilities where control has been lost

	SUCCESS Company
Current assets	
Cash and cash equivalents	$ 12,364
Prepayments	3,181
NON-CURRENT ASSETS	
Property, plant, and equipment	32,327
Right-of-use assets	91,844
Current liabilities:	
Other payables	(4)
Net assets disposed of	$ 139,712

(III) Gain on disposal of subsidiary

	SUCCESS Company
Consideration received	$ 182,994
Foreign currency exchange gains on consideration received	613
Taxes on disposal of subsidiary	(3,914)
Realized exchange differences on translating financial statements of foreign operations	8,841
Net assets disposed of	(139,712)
Gain on disposal	$ 48,822

(IV) Net cash inflow from disposal of subsidiaries

	SUCCESS Company
Consideration received in cash and cash equivalents	$ 164,633
Less: Balance of cash and cash equivalents from disposal	(12,364)
	$ 152,269

XXII. Capital risk management

The consolidated entity manages their capital to ensure that entities in the consolidated entity will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Group (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the Group regularly review the capital structure. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

XXIII. Financial instruments

(I) Fair value of financial instruments

1. Financial instruments carried at fair value

The following table provides an analysis of financial instruments that are measured at fair value subsequent to initial recognition. 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 as follows:

(1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

(2) Level 2 inputs are 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

(3) Level 3 fair value measurement refers to the evaluation technology that is based on the input value of the asset or liability that is not based on observable market data (unobservable input value) to derive the fair value.

In 2025 and 2024, there will be no transfer of fair value measurement between Level 1 and Level 2.

2. Financial instruments not carried at fair value

The fair value of financial assets and financial liabilities is determined in the following:

(1) The fair value of short-term financial instruments is estimated by their carrying amount on the balance sheet for the carrying amount at the end of reporting period because the maturity date is close to the reporting date or the payment price is similar to the carrying amount. The carrying amount should be a reasonable basis for the estimated fair value. This method is applied to cash and cash equivalents, financial assets measured at amortized cost-current, notes and accounts receivable, other receivables/payables, refundable deposits, short-term bank loans, short-term notes and bills payable and refundable deposits.

(2) The fair value of long-term borrowings (including current portion) is determined using the discounted value of future cash flow. If the Company's long-term borrowings rate is a floating rate, the carrying amount is equal to the fair value.

(II) Categories of financial instruments

	December 31, 2025	December 31, 2024
Financial assets		
Financial assets at amortized cost (Note 1)	$ 977,427	$ 995,073
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	1,294,814	1,596,785

Note 1: Balances include financial assets measured at amortized cost including cash and cash equivalents, financial assets measured at amortized cost-current, notes and accounts receivable, other receivables, and refundable deposit, etc.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, trade payables, other payables, and long-term borrowings (including current portion).

(III) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, trade payables, and borrowings. The Group’s corporate treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk, and liquidity risk.

1. Market risk

The Group’s activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group’s exposure to market risks or the manner in which these risks are managed and measured. The major financial risks are as follows:

(1) Foreign currency risk

The Group has foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group’s non-functional foreign currency denominated monetary assets and monetary liabilities (including non-functional foreign currency denominated monetary items written-off on the consolidated financial statements) at the end of the reporting period are set out in Note XXVII.

Sensitivity analysis

The the Group sensitivity analysis includes only outstanding foreign

currency denominated monetary items and adjusts their translation at the end of the reporting period. A positive number below indicates an increase in post-tax profit associated with the New Taiwan dollar strengthening 1% against weakening of the New Taiwan Dollar against the relevant currency, there would be an equal and opposite on the net profit after tax and the balances below would be negative.

Currency	2025	2024
NTD:USD	$ 1,090	$ 1,273
RMB:USD	2,981	2,436

The sensitivity rate used by the Company when reporting foreign currency risk internally to key management personnel is 1%, which represents management's assessment of the reasonably possible change in foreign exchange rates.

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

(2) Interest rate risk

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2025	December 31, 2024
Fair value interest rate risk		
Financial assets	$ 28,330	$ 20,892
Financial liabilities	218,270	599,176
Cash flow interest rate risk		
Financial assets	381,656	337,101
Financial liabilities	774,840	615,655

Sensitivity analysis

For financial assets and liabilities of the Group with floating interest rates, when interest rates change by 0.25%, and other conditions remain unchanged, the Group's net profit before tax for 2025 and 2024 would change by NT$983 thousand and NT$696 thousand, respectively.

2. Credit risk

The Group's transactions are targeted at reputable financial and securities institutions, and it also transacts with a number of financial institutions to spread the risks, so the probability of default from contractual counterparty is very low; even if the other party defaults, the Group will not suffer significant loss.

The Group is required to go through the credit confirmation procedure only after it has dealt with the approved third party, and the policy of the Group is to conduct credit transactions with the customer, and to regularly assess the possibility of recovering the receivables while providing appropriate allowances for doubtful debts, so the Group doesn't expect the possibility of major losses.

3. Liquidity risk

The Group has built an appropriate liquidity risk management framework for the Group's short, medium and long-term funding and liquidity management requirements. The consolidated entity manages liquidity risk by maintaining sufficient reserve or banking facilities, obtaining the loan commitment, collecting debts proactively, and continuously monitoring forecast and actual cash flow as well as the maturity profiles of financial assets and liabilities. As of December 31, 2025 and 2024, the Group's unused bank financing lines were NT$1,154,350 thousand and NT$629,646 thousand respectively.

Schedule of liquidity and interest rate risk

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flow of financial liabilities from the earliest date on which the Group can be required to pay.

To the extent that interest flows are at floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

Non-derivative financial liabilities	Less Than 1 Year	1~5 years	5~10 years
December 31, 2025			
Non-interest bearing liabilities	$ 326,965	$ 509	$ -
Lease liabilities	4,270	17,078	5,337
Variable interest rate liabilities	698,173	76,667	-
Fixed interest rate liabilities	192,500	-	-
	$ 1,221,908	$ 94,254	$ 5,337
December 31, 2024			
Non-interest bearing liabilities	$ 411,230	$ 448	$ -
Lease liabilities	4,270	17,078	9,607
Variable interest rate liabilities	615,655	-	-
Fixed interest rate liabilities	376,952	192,500	-
	$ 1,408,107	$ 210,026	$ 9,607

XXIV. Related party transactions

Transactions, account balances, income and expense among the consolidated companies are eliminated upon have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, relationship and transactions of the Group with other related parties are disclosed below:

(I) Related party name and relationship

Name of related party	Related Party Category
AICA	The Company's parent
PT. AICA INDRIA (PT. AICA)	Fellow subsidiary
AICA Adtek Sdn. Bhd	Fellow subsidiary
AICA Malaysia Sdn. Bhd	Fellow subsidiary
Exeter New Materials (Nanjing) Co., Ltd. (Aica Nanjing)	Fellow subsidiary
Aica Guangdong Co., Ltd. (Aica Guangdong)	Fellow subsidiary
AICA Bangkok Co., Ltd. (AICA Thailand)	Fellow subsidiary
AICA Dongnai Co., Ltd. (AICA Dongnai)	Fellow subsidiary
TAIWAN AICA KOGYO CO., LTD.	Fellow subsidiary
Pou Chen Corporation and its subsidiaries	Other related parties (affiliated companies of the company's corporate directors)
Yue Yuen Industrial (Holdings) Limited and its subsidiaries	Other related parties (affiliated companies of the company's corporate directors)

(II) Sales of goods

Accounts	Related Party Category/Name	2025	2024
Sales	Parent Company	$ 138,395	$ 155,148
	Other related parties	129,134	217,756
	Fellow subsidiary	15,062	24,223
		$ 282,591	$ 397,127

The sales transactions of the Group to related parties are quoted based on the differences between the products and the acceptance of the market, and the credit period is from 60 days to 180 days.

Accounts	Related Party Category/Name	2025	2024
Purchases of goods	Parent Company	$ 13,228	$ 12,892
	Fellow subsidiary	9,296	1,566
		$ 22,524	$ 14,458

The purchase price and payment term between the Group and related parties were similar to those for third parties.

The following balances of trade receivables from related parties were outstanding at the end of the reporting period:

Accounts	Related Party Category/Name	December 31, 2025	December 31, 2024
Accounts receivable	Parent Company	$ 7,498	$ 16,738
	Fellow subsidiary	3,937	4,787
	Other related parties	22,878	34,315
		$ 34,313	$ 55,840
Other receivables	Fellow subsidiary	$ -	$ 126
	Other related parties	-	117
	Parent Company	-	53
		$ -	$ 296

The outstanding trade receivables from related parties are unsecured. No provision for loss was made for receivables from related parties in 2025 and 2024.

The following balances of trade payables from related parties were outstanding at the end of the reporting period:

Accounts	Related Party Category/Name	December 31, 2025	December 31, 2024
Accounts payable	Parent Company	$ 2,358	$ 650
Other payables	Other related parties	$ 118	$ 296

The outstanding balance of payables to related parties is not secured.

(III) Remunerations of key management personnel

The following balances of trade payables from related parties were outstanding at the end of the reporting period.

	2025	2024
Short-term employee benefits	$ 12,689	$ 14,297
Retirement benefits	228	244
	$ 12,917	$ 14,541

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

XXV. Pledged assets

The following assets were provided as collateral for bank borrowings:

	December 31, 2025	December 31, 2024
Property, plant, and equipment	$ 472,450	$ 494,066
Financial assets measured at amortized cost - current	17,215	17,893
	$ 489,665	$ 511,959

XXVI. Significant commitments and contingencies

The consolidated company has the following major commitments on the balance sheet date:

(I) As of December 31, 2025 and 2024, the outstanding balances of letters of credit that had been opened were approximately US$133 thousand and US$99 thousand, respectively.

(II) The Group's unrecognized contractual commitments are stated as following:

	December 31, 2025	December 31, 2024
Payments for property, plant, and equipment	$ 1,097	$ 2,100

XXVII. The significant assets and liabilities denominated in foreign currencies

The significant assets and liabilities denominated in foreign currencies were as follows:

	December 31, 2025		
Foreign currency assets	Foreign currency	Exchange Rate	Carrying Amount
Monetary items			
USD	$ 5,013	31.43 (USD:NTD)	$ 157,559
USD	10,364	6.991 (USD:RMB)	325,741
RMB	188	4.496 (RMB:NTD)	845
Foreign currency liabilities			
Monetary items			
USD	$ 1,544	31.43 (USD:NTD)	$ 48,528
USD	878	6.991 (USD:RMB)	27,596
USD	998	26,301 (USD:VND)	31,367
USD	989	31.370 (USD:THB)	31,084

	December 31, 2024		
Foreign currency assets	Foreign currency	Exchange Rate	Carrying Amount
Monetary items			
USD	$ 5,617	32.785 (USD:NTD)	$ 184,153
USD	8,733	7.321 (USD:RMB)	286,311
RMB	5,190	4.478 (RMB:NTD)	23,241
Foreign currency liabilities			
Monetary items			
USD	1,734	32.785 (USD:NTD)	56,849
USD	1,303	7.321 (USD:RMB)	42,719
USD	795	25,490 (USD:VND)	26,064
USD	987	34.0694 (USD:THB)	32,359

The significant realized and unrealized foreign exchange gain and losses were as follows:

The Group's realized and unrealized foreign currency exchange gains (losses) for the year

ended December 31, 2025 and 2024, were (NTD 19,483) thousand and NTD22,699 thousand, respectively. Due to the wide variety of functional currencies of foreign currency transactions and the entities of the Group, it is impossible to disclose the foreign exchange gains and losses by each currency with significant impact.

XXVIII. Item disclosed in notes

(I) Information about significant transactions and investees and (II) Transfer investment information:

1. Financing provided to others: Table 1.
2. Endorsements/guarantees provided: Table 2.
3. Significant marketable securities held at the end of the period: None.
4. Total purchases from or sales to related parties amounting to at least $100 million or 20% of the paid-in capital. (Table 3)
5. Receivables from related parties amounting to at least $100 million or 20% of the paid-in capital: None.
6. Other: Business relationships and significant transactions and amount between parent company and subsidiaries and among subsidiaries: Table 4.
7. Information on investees: Table 5.

(III) Investments in Mainland China

1. Invested company's name, business operations, paid-in capital, investment method, capital inward or outward, shareholding ratio, investment gains and losses, investment year end carrying amount, investment income and loss inward, and investment limits in Mainland China: Table 7.
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (None)
   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 4)
   (3) The amount of property transactions and the amount of the resultant gains or losses: None.
   (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2.
   (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

(6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

XXIX. Department information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's segment information is disclosed as follows:

(I) Segment revenues and results

1. Domestic operations - manufacturing and sales in Taiwan.

2. Asia operations - manufacturing and sales in Asian countries except Taiwan.

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Segment Revenue		Segment Profit	
	2025	2024	2025	2024
Domestic operations	$ 1,276,820	$ 1,441,546	$ 25,254	$ 69,650
Asia operations	1,026,669	1,204,545	26,962	37,118
Total for continuing operations	$ 2,303,489	$ 2,646,091	52,216	106,768
Interest income			10,429	8,510
Foreign currency exchange net gains (loss)			(19,483)	22,699
Interest expense			(22,615)	(22,445)
Gains (Losses) from disposal of property, plant, and equipment			12,721	(149)
Gain on disposal of subsidiary			48,822	-
General income and benefits			18,584	14,401
General expenses and losses			(742)	(1,650)
Net profits before tax			$ 99,932	$ 128,134

Segment gains and losses refer to the profits made by each department, excluding interest revenue, gain on disposal of investments, income from disposal of property, plant and equipment, foreign exchange gains and losses, interest expenses, and locations of income tax expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(II) Segment total assets and liabilities

	December 31, 2025	December 31, 2024
Segment assets		
Domestic operations	$ 1,952,713	$ 2,190,942
Asia operations	966,312	1,045,854
Unallocated assets	36,350	43,175
Consolidated total assets	$ 2,955,375	$ 3,279,971
Segment liabilities		
Domestic operations	$ 1,214,741	$ 1,499,836
Asia operations	174,112	147,478
Unallocated liabilities	14,126	59,554
Consolidated total liabilities	$ 1,402,979	$ 1,706,868

For the purpose of monitoring segment performance and allocating resources between segments:

1. All assets were allocated to reportable segments other than financial assets measured at amortized cost-current and deferred income tax assets. Assets used jointly by reportable segments were allocated on the basis of the revenue earned by individual reportable segments; and
2. All liabilities were allocated to reportable segments other than deferred tax liabilities. Liabilities for which reportable segments are jointly liable were allocated in proportion to segment assets.

(III) Revenue from major products

The following is an analysis of the Group's revenue from continuing operations from its major products.

	2025	2024
PU synthetic resin	$ 1,772,632	$ 2,095,335
PE resin	64,667	103,488
Other	466,190	447,268
	$ 2,303,489	$ 2,646,091

(IV) Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	2025	2024
China (including Hong Kong)	$ 469,950	$ 594,531
Taiwan	950,274	1,041,826
Other	883,265	1,009,734
	$ 2,303,489	$ 2,646,091

(V) Information about major customers

In 2025 and 2024, no revenue from a single customer exceeded 10% of the Group's total revenue.

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

January 1 to December 31, 2025

Table 1

Unit: In thousands of NTD or foreign currencies

Number	Lender(s)	Loan and counterparty (Note 1)	Financial Statement Account	Related Party	Highest Balance for the Period	Balance at End of Year (Note 2)	Actual amount drawn	Interest Rate	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for bad debt	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Remark
													Name	Value			
0	The Company	TOPWELL	Other receivables	Yes	$ 13,282 (US$ 400)	$ 12,572 (US$ 400)	$ 10,078 (US$ 321)	(Note 3)	Necessary for short-term financing	$ -	Operating capital	$ -	—	$ -	$ 155,240 (Note 4)	$ 620,958 (Note 4)	

Note 1: Eliminated.

Note 2: The limit approved by the board of directors.

Note 3: Interest rate according to bank loan contract.

Note 4: The loan and limit and total limit of individual funds are limited to the sum of 10% of the Company's net worth and the monthly average transaction value over the previous year, or 40% of the Company's net worth.

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

January 1 to December 31, 2025

Table 2 Unit: In thousands of NTD or foreign currencies

Number	Endorser/ Guarantor	Endorsee & guaranteed company		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual amount drawn	Amount Endorsed/ Guaranteed by Collateral	The ratio of the accumulated endorsement guarantee amount to the net value of the financial report for the year	Endorsement guarantee maximum limit (Note)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Remark
		Company name	Relationship											
0	The Company	TOPWELL	Refer to Note X of consolidated financial statements	$ 776,198	$ 16,603 (US$ 500)	$ 15,715 (US$ 500)	$ 15,715 (US$ 500)	$ 15,715 (US$ 500)	1.01%	$ 1,086,677	Y	—	—	
		POU CHIEN	Refer to Note X of consolidated financial statements	776,198	33,205 (USD 1,000)	31,430 (USD 1,000)	-	-	2.02%	1,086,677	Y	—	—	

Note: The guarantee limit and maximum limit for individual entity are 50% and 70% of the net worth of the Company, respectively.

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL

January 1 to December 31, 2025

Table 3

Unit: NTD thousand

Buyer	Name of transaction counterparty (Note 2)	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Remark
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	U-BEST	Subsidiary	(Sales)	($ 121,982)	(5)	T/T 90 days	Note 1	—	$ 6,636	1	
The Company	AICA	Parent company	(Sales)	(138,212)	(6)	T/T 90 days	Note 1	—	7,498	1	

Note 1: The price of sales transactions with related parties is quoted based on product differentiation and market condition.

Note 2: Eliminated.

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS

January 1 to December 31, 2025

Table 4

Unit: In thousands of NTD or foreign currencies

Number	Trader	Transaction counterparty (Note 1)	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets
0	The Company	POU CHIEN	1	Sales	$ 81,949	T/T 90 days	4
		U-BEST	1	Sales	121,982	T/T 90 days	5
		TOPWELL	1	Sales	83,074	T/T 90 days	4
1	U-BEST	SUN YAD	2	Sales	24,796	T/T 90 days	1
2	POU CHIEN	U-BEST	2	Sales	82,581	T/T 90 days	4

Note 1: Eliminated.

Note 2: Relationship of counterparty: (1) parent entity to subsidiary; (2) subsidiary to subsidiary; (3) subsidiary to parent entity.

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES

January 1 to December 31, 2025

Table 5

Unit: In thousands of NTD or foreign currencies/Thousands Shares

Name of investor	Name of Investee	Location	Main business items	Original Investment Amount		Holdings at year-end			Net Income (Loss) of the Investee	Share of Profit (Loss)
				End of this year	End of last year	Number of Shares	%	Carrying Amount		
The Company	NEOLITE	British Virgin Islands	Financial investment and international trade	$ 413,902	$ 413,902	13,059	100	$ 646,076	$ 5,823	$ 6,327
	Giant Star Trading Co.	Taichung City	Trading of chemical raw materials	16,367	16,367	4,500	100	9,883	8,435	8,435
	CHEM-MAT	Nantou County	Wholesale of coating, pigments, and industrial catalyst	111,484	111,484	7,199	100	110,878	(7,440)	(7,136)
	U-BEST	Vietnam	Production and sales of PU resin and adhesives	132,314	132,314	-	100	196,525	27,352	25,196
	TOPWELL	Thailand	Synthetic resin trading business	76,201	76,201	8,000	100	48,827	7,313	7,548
	SUCCESS	Samoa	Financial investment and international trade	-	185,064	-	-	-	(5,166)	(10,072)
NEOLITE	LIBERTY BELL	British Virgin Islands	Financial investment and international trade	563,243	563,243	21,000	100	647,839	6,065	(Note)
SUCCESS	SUNYAD	Vietnam	Manufacturing and sales of PU synthetic leather products	-	185,064	-	100	-	(5,166) (USD 166)	(Note)

Note: Not applicable.

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES

Investments in Mainland China

January 1 to December 31, 2025

Table 6

Unit: In thousands of NTD or foreign currencies

INFORMATION ON INVESTMENTS IN MAINLAND CHINA	Main business items	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of begging of the year	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of end of the year (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of end of last year	Accumulated Repatriation of Investment Income as of end of last year
					Outward	Inward						
POU CHIEN	Production and sales of PU resin	$ 512,818 RMB 120,789	(Note 1)	$ 244,425 USD 7,576	$ -	$ -	$ 244,425 USD 7,576	$ 6,102 RMB 1,498	100%	$ 6,102 RMB 1,498	$ 646,773 RMB 143,855	$ -
TOPCO	Wholesale of chemical products	38,922 RMB 8,053	(Note 1)	26,450 US$ 820	-	-	26,450 USD 820	(12,979) (RMB 2,968)	100%	(12,979) (RMB 2,968)	51,965 RMB 11,558	162,194 RMB 35,789
LEADERSHIP SHANGHAI	Wholesale of chemical products	15,400 RMB 3,474	(Note 1)	15,400 USD 500	-	162 RMB 36	-	-	-	-	-	-

Accumulated Outward Remittance for Investment in Mainland China as of end of the year	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 412,055 (US$ 12,796)	$ 921,115 (USD 29,126) (Note 4)	(Note 5)

Note 1: Investments in mainland China were through companies established in the third region.

Note 2: Including investment in equipment and expertise, but not including the surplus of investment in China's investment business, and reinvestment of investment in the third region.

Note 3: The financial statements of the investee were audited by the ROC parent company’s CPA during the same period.

Note 4: Investment of US$29,126 thousand was authorized by the Investment Commission, MOEA, not including the surplus of investment in China's investment business, and reinvestment of investment in the third region (NEOLITE) of US$ 5,591 thousand.

Note 5: In accordance with “Principle of Examination on Investment or Technical Cooperation in Mainland China” stipulated by the Investment Commission, MOEA on August 29, 2008, the Company obtained the scope certificate for the headquarters issued by the Industrial Development Bureau, MOEA, with no upper limit for the investment amount in mainland China.