

Yong Shun Chemical Co., Ltd.

Parent Company Only
Financial Statements and
Independent Auditor's Report
2025 and 2024

Address: No. 681, Haishan Rd., Kengkou Vil., Luzhu Dist.,
Taoyuan City
TEL: (03) 3241227

§Table of Contents§

Item	Page	Notes Number in the Financial Report
I. Cover	1	-
II. Table of Contents	2	-
III. Independent Auditor's Report	3 ~ 5	-
IV. Parent Company Only Balance Sheet	6	-
V. Parent Company Only Statement of Comprehensive Income	7 ~ 8	-
VI. Parent Company Only Statement of Changes in Equity	9	-
VII. Parent Company Only Statement of Cash Flow	10 ~ 11	-
VIII. Notes to Parent Company Only Financial Statements		
(I) Organization and Operations	12	I
(II) Financial Statement Approval Date and Procedures	12	II
(III) Application of new standards, amendments, and interpretations	12 ~ 13	III
(IV) Summary of Significant Accounting Policies	13 ~ 20	IV
(V) Sources of Uncertainty to Significant Accounting Judgments, Estimates, and Assumptions	20	V
(VI) Notes to Major Accounts	20 ~ 39	VI ~ XXVII
(VII) Related party transactions	39-40	XXVIII
(VIII) Pledged Assets	40	XXIX
(IX) Significant contingent liabilities and unrecognized contract commitments	40	XXX
(X) Losses from Major Disasters	-	-
(XI) Significant Subsequent Events	-	-
(XII) Other	40 ~ 41	XXXI
(XIII) Other Disclosures	41 ~ 42	XXXII
IX. Statements of Major Accounts	43 ~ 55	-

Independent Auditor's Report

To Yong Shun Chemical Co., Ltd.:

Opinion

We have duly audited the individual balance sheet as of December 31, 2025 and 2024, and the individual comprehensive income statement, individual statement of changes in equity and individual cash flow statement from January 1 to December 31, 2025 and 2024 as well as notes to the individual financial statements (including the summary of significant accounting policies) of Yong Shun Chemical Co., Ltd.

In our opinion, the individual financial statements referred to above have been prepared, in all material respects, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and are fairly stated in terms of the individual financial position of Yong Shun Chemical Co., Ltd. as of December 31, 2025 and 2024, and the individual financial performance and individual cash flow from January 1 to December 31, 2025 and 2024.

Basis for Opinion

Certified Public Accountants conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements using auditing principles. Our responsibilities as an auditor under the abovementioned standards are explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed the CPA code of ethics and maintained independence from Yong Shun Chemical Co., Ltd. when performing their duties. We believe that the evidence obtained provides an adequate and appropriate basis for our opinion.

Key Audit Matters

Key audit matters are matters that we considered to be the most important, based on professional judgment, when auditing the 2025 individual financial statements of Yong Shun Chemical Co., Ltd. These issues were addressed when we audited and formed our opinions on the parent company only financial statements. Therefore, we do not provide opinions separately for individual matters.

The key audit items of the individual financial statements of Yong Shun Chemical Co., Ltd. for 2025 are as follows:

Key audit matter: Authenticity of sales, revenue and shipment to specific customers

Yong Shun Chemical Co., Ltd. are mainly engaged in the design, development, and manufacturing of resin products. Since changes in the major customers have a significant impact on the financial statements, and sales revenue is inherently subject to a high degree of risk, we have identified customers meeting specific criteria, and assessed the authenticity of the sales revenue transactions for these customers as a key audit matter. For the accounting policies and the information disclosed related to the revenue recognition, please refer to Notes 4 and 21 to the parent company only financial statements.

In response to the above important matters, the main audit procedures implemented by the CPAs are as follows:

1. Understanding and testing the revenue recognition of a specific sales target is critical to the design and execution of internal control.
2. For the aforementioned specific sales target revenue details, select the sample to check the relevant supporting documents and test the collection status to confirm that the sales transaction actually occurred.
3. We review whether material sales returns and discounts have occurred after the balance sheet date, in order to confirm whether there is material misstatement in the revenue of specific sales targets.

Responsibilities of the Management and Those Charged with Governance for Parent Company Only Financial Statements

Responsibilities of the management were to prepare and ensure fair presentation of the parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and to exercise proper internal control practices that are relevant to the preparation of the parent company only financial statements so that the parent company only financial statements are free of material misstatements, whether caused by fraud or error.

The management's responsibilities when preparing the parent company only financial statements also involved: assessing the ability of Yong Shun Chemical Co., Ltd. to operate, disclose information, and account for transactions as an ongoing concern unless the management intends to liquidate or cease business operations, or is compelled to do so with no alternative solution.

The governance units (including the Audit Committee) of Yong Shun Chemical Co., Ltd. are responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of Parent Company Only Financial Statements

The purposes of our audit were to obtain reasonable assurance of whether the parent company only financial statements were prone to material misstatements, whether caused by fraud or error, and to issue a report of our audit opinions. We considered assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with auditing principles do not necessarily guarantee detection of all material misstatements within the parent company only financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of the financial statement user.

When conducting audits in accordance with auditing principles, we exercised judgments and raised doubts as deemed professionally appropriate. We also performed the following tasks as an auditor:

1. Identifying and assessing risk of material misstatement within the parent company only financial statements that are attributed to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal controls, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.
2. Obtaining necessary understanding of internal controls relevant to audit and designing audit procedures that are appropriate under the prevailing circumstances, but not for the purpose of providing an opinion on the effectiveness of internal control system of Yong Shun Chemical Co., Ltd.
3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as an ongoing concern, and whether there are doubts or uncertainties about the ability of Yong Shun Chemical Co., Ltd. to continue operating, based on the audit evidence obtained. We are bound to remind parent company only financial statement users to pay attention to relevant disclosures in the notes of statements within our audit report if material uncertainties exist in regards to the aforementioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or change of circumstances may still render Yong Shun Chemical Co., Ltd. no longer capable of continuing operations.
5. Assessing the overall presentation, structure, and contents of the parent company only financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the parent company only financial statements.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within Yong Shun Chemical Co., Ltd. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and execution of the Company's audits, and for forming an audit opinion of the Company.

We have communicated with the governance body about the scope, timing, and significant findings (including significant defects in internal controls identified during the audit) of our audit.

We have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with the CPA code of ethics, and communicated with the governance body on all matters that may affect the auditor’s independence (including relevant protection measures).

We have identified the key audit matters after communicating with the governance body regarding the parent company only financial statements from the year ended December 31, 2025 of Yong Shun Chemical Co., Ltd. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decide not to communicate in the audit report because they may cause higher negative effects than the benefits they bring to public interest.

Deloitte Taiwan
CPA Weng, Po-Jen

CPA Kuo, Nai-Hua

Financial Supervisory Commission approval
number
Letter referenced Jin-Guan-Cheng-Shen Zi
No. 1010028123

Financial Supervisory Commission approval
number
Letter referenced Jin-Guan-Cheng-Shen Zi
No. 1070323246

March 23, 2026

Yong Shun Chemical Co., Ltd.
Parent Company Only Balance Sheet
December 31, 2025 and December 31, 2024

Unit: NTD thousands

Code	Asset	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
Current assets					
1100	Cash and cash equivalents (Notes 6 and 27)	\$ 377,412	32	\$ 338,067	29
1110	Financial assets at fair value through profit or loss - current (Notes 7 and 27)	676	-	224	-
1136	Financial assets measured at amortized costs - current (Notes 8, 9 and 27)	109,139	9	109,019	9
1150	Net notes receivable (Notes 10, 21 and 27)	37,630	3	30,219	3
1160	Notes receivable - related parties (Notes 10, 21, 27 and 28)	9,577	1	16,816	1
1170	Net accounts receivable (Notes 10, 21 and 27)	95,298	8	106,535	9
1180	Accounts receivable - related parties (Notes 10, 21, 27 and 28)	5,407	1	6,443	1
130X	Inventory (Note 11)	142,665	12	156,247	13
1410	Prepayments	2,620	-	2,264	-
1476	Income tax assets of the period (Note 23)	-	-	121	-
1479	Other current assets - others (Note 15)	2,434	-	1,312	-
11XX	Total current assets	<u>782,858</u>	<u>66</u>	<u>767,267</u>	<u>65</u>
Non-current assets					
1550	Investment by the equity method (Note 12)	22,838	2	46,266	4
1600	Property, plant and equipment (Notes 13, 25 and 29)	342,794	29	347,604	29
1780	Intangible assets	728	-	940	-
1840	Deferred income tax assets - non-current (Note 23)	17,192	2	16,802	1
1920	Refundable deposits (Note 27)	244	-	210	-
1975	Net defined benefit assets - non-current (Note 19)	9,102	1	6,359	1
1990	Other non-current assets - others	2,758	-	3,427	-
15XX	Total non-current assets	<u>395,656</u>	<u>34</u>	<u>421,608</u>	<u>35</u>
1XXX	Total assets	<u>\$ 1,178,514</u>	<u>100</u>	<u>\$ 1,188,875</u>	<u>100</u>
Liabilities and equity					
Current liabilities					
2110	Short-term notes payable (Notes 16, 25 and 27)	\$ 40,909	4	\$ 44,338	4
2130	Contractual liabilities - current (Note 21)	5,563	1	1,626	-
2150	Notes payable (Notes 17 and 27)	4,430	-	3,170	-
2170	Accounts payable (Notes 17 and 27)	31,276	3	21,996	2
2219	Other payables (Notes 18, 25 and 27)	24,241	2	28,269	3
2230	Income tax liabilities of the period (Note 23)	3,605	-	2,475	-
2399	Other current liabilities	241	-	311	-
21XX	Total current liabilities	<u>110,265</u>	<u>10</u>	<u>102,185</u>	<u>9</u>
Non-current liabilities					
2570	Deferred income tax liabilities (Note 23)	49,410	4	48,485	4
25XX	Total non-current liabilities	<u>49,410</u>	<u>4</u>	<u>48,485</u>	<u>4</u>
2XXX	Total liabilities	<u>159,675</u>	<u>14</u>	<u>150,670</u>	<u>13</u>
Equity (Note 20)					
Share capital					
3110	Common stock	610,560	52	610,560	51
3200	Capital surplus	53,311	4	53,309	4
Retained earnings					
3310	Legal reserve	214,012	18	212,550	18
3320	Special reserve	98,028	8	98,028	8
3350	Undistributed retained earnings	42,928	4	63,758	6
3300	Total retained earnings	<u>354,968</u>	<u>30</u>	<u>374,336</u>	<u>32</u>
3XXX	Total equity	<u>1,018,839</u>	<u>86</u>	<u>1,038,205</u>	<u>87</u>
Total liabilities and equity		<u>\$ 1,178,514</u>	<u>100</u>	<u>\$ 1,188,875</u>	<u>100</u>

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

Chairman: Lin, Cheng-Chien

Manager: Lin, Cheng-Chien

Head of Accounting: Ho, Wen-Ling

Yong Shun Chemical Co., Ltd.
Parent Company Only Statement of Comprehensive Income
For the years ended December 31, 2025 and December 31, 2024

Unit: NTD thousands, except earnings (losses) per share which is in NTD

Code		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue (Notes 21 and 28)	\$ 640,530	100	\$ 695,542	100
5000	Operating costs (Notes 11 and 22)	(540,123)	(84)	(599,868)	(86)
5900	Operating margin	100,407	16	95,674	14
5910	Unrealized gains from subsidiaries, affiliated enterprises and joint ventures	(210)	-	(420)	-
5920	Realized gains from subsidiaries, affiliated enterprises and joint ventures	420	-	79	-
5950	Realized gross profit from operations	100,617	16	95,333	14
	Operating expenses (Note 22)				
6100	Selling expenses	(27,388)	(4)	(28,349)	(4)
6200	Administrative expenses	(35,145)	(6)	(34,895)	(5)
6300	Research and development expenses	(8,813)	(1)	(7,178)	(1)
6450	Expected credit reversal gain	703	-	879	-
6000	Total operating expenses	(70,643)	(11)	(69,543)	(10)
6900	Operating income	29,974	5	25,790	4
	Non-operating income and expenses (Notes 22, 28 and 31)				
7100	Interest income	5,653	1	5,279	1
7010	Other income	1,540	-	133	-
7020	Other gains and losses	1,804	-	1,642	-
7070	Share of gains or losses of subsidiaries, affiliated enterprises and joint ventures by the equity method	(23,638)	(3)	(23,639)	(4)
7050	Finance costs	(57)	-	(69)	-
7000	Total non-operating income and expenses	(14,698)	(2)	(16,654)	(3)

(continued on the next page)

(continued from the previous page)

Code		2025		2024	
		Amount	%	Amount	%
7900	Net income before tax	\$ 15,276	3	\$ 9,136	1
7950	Income tax expense (Note 23)	(5,968)	(1)	(3,322)	-
8200	Net profit for the year	<u>9,308</u>	<u>2</u>	<u>5,814</u>	<u>1</u>
	Other comprehensive income (Notes 19 and 23)				
	Items not reclassified into profit or loss:				
8311	Remeasurement of defined benefit obligation	2,315	-	11,005	1
8341	Income tax related to items not reclassified	(463)	-	(2,201)	-
8310		<u>1,852</u>	<u>-</u>	<u>8,804</u>	<u>1</u>
8300	Other comprehensive income of the period (net after tax)	<u>1,852</u>	<u>-</u>	<u>8,804</u>	<u>1</u>
8500	Comprehensive income of the period	<u>\$ 11,160</u>	<u>2</u>	<u>\$ 14,618</u>	<u>2</u>
	Earnings per share (Note 24)				
9750	Basic	<u>\$ 0.15</u>		<u>\$ 0.10</u>	
9850	Diluted	<u>\$ 0.15</u>		<u>\$ 0.10</u>	

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

Chairman: Lin, Cheng-Chien

Manager: Lin, Cheng-Chien

Head of Accounting: Ho, Wen-Ling

Yong Shun Chemical Co., Ltd.
Parent Company Only Statement of Changes in Equity
For the years ended December 31, 2025 and December 31, 2024

Unit: NTD thousands

Code		Share capital		Capital surplus	Retained earnings			Total equity
		Number of shares (in thousands)	Amount		Legal reserve	Special reserve	Undistributed retained earnings	
A1	Balance on January 1, 2024	61,056	\$ 610,560	\$ 53,309	\$ 210,483	\$ 98,028	\$ 81,735	\$ 1,054,115
	Earnings distribution for 2023							
B1	Legal reserve	-	-	-	2,067	-	(2,067)	-
B5	Shareholders' cash dividends						(30,528)	(30,528)
D1	Net profit for 2024	-	-	-	-	-	5,814	5,814
D3	Other after-tax comprehensive income of 2024	-	-	-	-	-	8,804	8,804
D5	Total comprehensive income of 2024	-	-	-	-	-	14,618	14,618
Z1	Balance on December 31, 2024	61,056	610,560	53,309	212,550	98,028	63,758	1,038,205
	Earnings distribution for 2024							
B1	Legal reserve	-	-	-	1,462	-	(1,462)	-
B5	Shareholders' cash dividends	-	-	-	-	-	(30,528)	(30,528)
	Other capital reserve changes :							
C17	Exercise of the right of return			2				2
D1	Net profit for 2025	-	-	-	-	-	9,308	9,308
D3	Other after-tax comprehensive income of 2025	-	-	-	-	-	1,852	1,852
D5	Total comprehensive income of 2025	-	-	-	-	-	11,160	11,160
Z1	Balance on December 31, 2025	<u>61,056</u>	<u>\$ 610,560</u>	<u>\$ 53,311</u>	<u>\$ 214,012</u>	<u>\$ 98,028</u>	<u>\$ 42,928</u>	<u>\$ 1,018,839</u>

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

Chairman: Lin, Cheng-Chien

Manager: Lin, Cheng-Chien

Head of Accounting: Ho, Wen-Ling

Yong Shun Chemical Co., Ltd.
Parent Company Only Statement of Cash Flow
For the years ended December 31, 2025 and December 31, 2024

Unit: NTD thousands

Code		2025	2024
	Cash flow from operating activities		
A10000	Net income before tax	\$ 15,276	\$ 9,136
A20010	Income, expenses and losses:		
A20100	Depreciation expenses	9,163	7,752
A20200	Amortization expenses	336	332
A20300	Expected credit (reversal gain)	(703)	(879)
A20400	Net loss of financial assets and liabilities at fair value through profit or loss	(452)	(1,465)
A20900	Finance costs	57	69
A22400	Share of gains or losses of subsidiaries, affiliated enterprises and joint ventures by the equity method	23,638	23,639
A21200	Interest income	(5,653)	(5,279)
A22500	Gain on disposal of property, plant, and equipment	-	(192)
A22900	Inventory scrapping loss	1,749	698
A23700	Loss on decline in value of inventories	589	-
A23900	Unrealized gains from subsidiaries, affiliated enterprises and joint ventures	210	420
A24000	Realized gains from subsidiaries, affiliated enterprises and joint ventures	(420)	(79)
A29900	Amortization of prepayments	669	218
A30000	Net change of operating assets and liabilities		
A31130	Notes receivable	(172)	6,480
A31150	Accounts receivable	12,976	(20,023)
A31200	Inventory	11,244	1,207
A31230	Prepayments	(356)	38
A31240	Other current assets	(1,127)	(761)
A32125	Contract liabilities - current	3,937	1,512
A32130	Notes payable	1,260	(627)
A32150	Accounts payable	9,280	2,149
A32180	Other payables	443	2,800
A32230	Other current liabilities	(70)	(44)
A32240	Net defined benefit liabilities	(428)	(1,567)
A33000	Cash from operations	81,446	25,534
A33100	Interest received	5,658	5,273

(continued on the next page)

(continued from the previous page)

Code		2025	2024
A33300	Interest paid	(\$ 57)	(\$ 69)
A33500	Income tax received (paid)	(<u>4,645</u>)	(<u>7,914</u>)
AAAA	Net cash inflow from operating activities	<u>82,402</u>	<u>38,652</u>
	Cash flow from investment activities		
B02700	Acquisition of property, plant and equipment	(8,824)	(9,648)
B06500	Acquisition of financial assets at amortized cost	-	(10,019)
B04500	Acquisition of intangible assets	(124)	-
B02800	Proceeds from disposal of property, plant and equipment	-	219
B03700	Decreased in refundable deposit	(34)	-
B01800	Acquisition of investment by the equity method	-	(10,000)
B06700	Increase in other non-current assets	(<u>120</u>)	(<u>3,240</u>)
BBBB	Net cash outflow from investments	(<u>9,102</u>)	(<u>32,688</u>)
	Cash flow from financial activities		
C00500	Increase in short-term notes payable	-	12,208
C00600	Decrease in short-term notes payable	(3,429)	-
C04500	Dividend payment	(30,528)	(30,528)
C09900	Exercise of the right of return	<u>2</u>	<u>-</u>
CCCC	Net cash outflow from financial activities	(<u>33,955</u>)	(<u>18,320</u>)
EEEE	(Decrease) increase in cash and cash equivalents	39,345	(12,356)
E00100	Cash and cash equivalents at the beginning of the year	<u>338,067</u>	<u>350,423</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 377,412</u>	<u>\$ 338,067</u>

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

Chairman: Lin, Cheng-Chien

Manager: Lin, Cheng-Chien

Head of Accounting: Ho, Wen-Ling

Yong Shun Chemical Co., Ltd.
Notes to Parent Company Only Financial Statements
For the years ended December 31, 2025 and December 31, 2024
(NTD thousand, Unless Stated Otherwise)

I. Organization and Operations

Yong Shun Chemical Co., Ltd. (hereinafter referred to as "the Company") was established in July 1965, mainly engaged in the manufacturing and sales of multi-component resins, special coating resins and fiber auxiliaries as well as the manufacturing, processing and trading of various reinforced plastic-steel products, the manufacturing of the auxiliary raw materials, the purchase of raw materials, and the import and export of finished products.

The Company's stock has been traded on the Taipei Exchange of the Republic of China since February 1999.

The parent company only financial statements of the Company are presented in the Company's functional currency, the New Taiwan dollar.

II. Financial Statement Approval Date and Procedures

This parent company only financial report was approved by the board meeting on March 5, 2026.

III. Application of new standards, amendments, and interpretations

(I) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to collectively as the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The application of the revised IFRS approved and issued by the FSC will not result in a material change in the accounting policies of the Company.

(II) FSC-approved IFRS Accounting Standards applicable from 2026 onwards

<u>New/amended/revised standards and interpretations</u>	<u>Effective date announced by IASB</u>
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 "Insurance Contracts" (Including amendments from 2020 and 2021)	January 1, 2023

Except for the above impact, as of the date the financial report authorized for issue, the Company assesses that amendments to other standards will not have a significant impact on the Company's financial position and financial performance.

(III) IFRS Accounting Standards issued by the IASB but not yet approved and released by the FSC

<u>New/amended/revised standards and interpretations</u>	<u>Effective date announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 2)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (Including amendments up to 2025)	January 1, 2027
Amendments to IAS 21 "Translating into a Hyperinflationary presentation currency"	January 1, 2027

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

Note 2: On September 25, 2025, the FSC announced that our country's enterprises should apply IFRS 18 starting from January 1, 2028, and may also choose to apply it early after it is approved by the FSC.

IFRS 18 “Presentation and Disclosure in Financial Statements” and Related supporting amendments

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

- The company should assess whether it engages in specific major operating activities, such as investing in certain types of assets and providing financing to customers, in order to classify the income and expense items in the income statement into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

In addition, IAS 7 “Statement of Cash Flows” carries out the following adjustments:

- The company prepares the cash flows from operating activities using the indirect method, it should use operating profit or loss as the starting point for adjustment.
- Interest and dividends received by the company should be classified as investing activities, while interest and dividends paid should be classified as financing activities. If a consolidated company is assessed to have specific main operating activities, the types of dividend income, interest income, and interest expenses reported in the income statement must be considered to determine the classification of dividends received, interest received, and interest paid in the cash flow statement. Each of the above cash flows can only be classified under a single activity in the cash flow statement.

Except for the above impact, as of the date the financial report authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’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 parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

In addition to financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of planned assets, the parent company only financial statements are prepared based on historical cost.

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 the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

3. Level 3 inputs are unobservable inputs for the asset or liability.

The Company adopts the equity method for investment subsidiaries when preparing the parent company only financial statements. In order to make the current year's profit and loss, other comprehensive income and equity in the parent company only financial report identical to the current year's profit and loss, other comprehensive income and equity attributable to the owners of the Company in its parent company only financial statements, certain accounting treatment differences between the individual basis and the consolidated basis are handled by adjusting investments by the equity method, share of profit or loss of subsidiaries by the equity method, share of other comprehensive income of subsidiaries by the equity method, and related equity items.

(III) Criteria for distinguishing current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months of the balance sheet date, and
3. Cash and cash equivalents (other than those restricted from being exchanged or settled more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities due for settlement within 12 months of the balance sheet date (long-term refinancing or rescheduled agreements completed after the balance sheet date and before the issuance of the financial report are also current liabilities), and
3. Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets or liabilities that are not classified as current assets or liabilities are classified as non-current assets or non-current liabilities.

(IV) Foreign currency

When the Company prepares the financial report, transactions in currencies other than the Company's functional currency (in foreign currencies) shall be converted into the functional currency based on the exchange rate on the transaction date.

Monetary items denominated in foreign currencies are converted at the closing rate on the balance sheet date. Exchange differences arising from the settlement of monetary items or the conversion of monetary items are recognized in profit or loss in the period they occur.

Non-monetary items denominated in foreign currencies that are measured at fair value are converted at the prevailing exchange rates on the date when the fair values are determined, and the resulting exchange differences are recognized in profit or loss for the current period, except for those arising from changes in fair value that should be recognized in other comprehensive income.

Non-monetary items denominated in foreign currencies measured at historical cost are converted at the exchange rates prevailing on the dates of transactions and are not re-converted.

When preparing the parent company only financial statements, the assets and liabilities of foreign operating institutions (including subsidiaries, affiliates, joint ventures or branches that operate in foreign countries or use currencies different from those of the Company) are converted into New Taiwan dollars at the exchange rate on each balance sheet date. Items of income and expenses are converted at the average exchange rate of the current period, and the resulting exchange differences are included in other comprehensive income.

(V) Inventory

Inventory includes raw materials, supplies, finished goods and work-in-progress. Inventories are measured at a lower cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for inventories of the same type. The net realizable value is the estimated selling price under normal circumstances less the estimated costs still to be invested to completion and the estimated

costs required to complete the sale. The cost of inventories is calculated using the weighted-average method.

(VI) Investments in subsidiaries

The Company adopts the equity method to handle investments in subsidiaries. Subsidiaries are entities over which the Company has control.

Under the equity method, the investment is initially recognized at cost, and the carrying amount after the acquisition increases or decreases with the Company's share of the subsidiary's profit and loss and other comprehensive income and profit distribution. In addition, changes in other equities that the Company can enjoy in subsidiaries are recognized in proportion to its shareholding.

When the change of the Company's ownership interest in the subsidiary does not lead to the loss of control, it is treated as an equity transaction. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly as equity.

When assessing impairment, the Company considers the cash-generating units as a whole in the financial report and compares the recoverable amount with the carrying amount. If the recoverable amount of the asset increases subsequently, the reversal of the impairment loss shall be recognized as a profit, but the carrying amount of the asset after the reversal of the impairment loss shall not exceed the amount of the asset, before the recognition of the impairment loss, minus the carrying amount after amortization. Impairment losses attributable to goodwill cannot be reversed in subsequent periods.

Unrealized gains and losses from downstream transactions between the Company and its subsidiaries are eliminated from the parent company only financial statements. Profits and losses arising from upstream and side-stream transactions between the Company and its subsidiaries are recognized in the parent company only financial statements only to the extent not related to the Company's interests in subsidiaries.

(VII) Property, plant, and equipment

Property, plant and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Company reviews the estimated useful life, residual value and depreciation method at least at the end of each year and defers the effect of changes in applicable accounting estimates.

When property, plant and equipment are de-recognized, the difference between the net disposal price and the carrying amount of the assets is recognized in profit or loss.

(VIII) Intangible assets

1. Single acquisition

Individually acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives. The Company reviews the estimated useful lives, residual values and amortization methods at least at the end of each year and defers the effect of changes in applicable accounting estimates. Intangible assets with uncertain useful lives are presented at cost less accumulated impairment losses.

2. Derecognition

When intangible assets are de-recognized, the difference between the net disposal price and the carrying amount of the assets is recognized in the current profit or loss.

(IX) Impairment loss of property, plant and equipment, and intangible assets

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, and intangible assets may have been impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Common assets are allocated to the group of minimum cash-generating units on a reasonable and consistent basis.

The recoverable amount is the higher fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is less than its carrying amount, then the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is 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 recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have been determined if the impairment loss had not been recognized in prior years for that asset or cash-generating unit. Reversal of impairment loss is recognized in profit or loss.

(X) Financial instruments

Financial assets and financial liabilities are recognized in the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

When financial assets and financial liabilities are not initially recognized at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

Regular transactions of financial assets are recognized and de-recognized using trade date accounting.

(1) Type of measurements

The types of financial assets held by the Company are Financial assets at FVTPL and financial assets at amortized cost.

A. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses, excluding any dividends and interest earned, are recognized in other gains or losses. Fair value is determined in the manner described in Note 27.

B. Financial assets measured at amortized costs

If the Company's investment in financial assets is classified as financial assets carried at amortized cost if both of the following two conditions are met:

- a. It is held under an operating model in which financial assets are held for the purpose of receiving contractual cash flows; and
- b. The terms of the contract give rise to cash flows on specific dates that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, notes receivable and other receivables measured at amortized cost, and refundable deposits), after initial recognition, are measured at amortized cost using the effective interest method to determine the total carrying amount less any impairment loss, and any foreign currency exchange gain or loss is recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except for the following two cases:

- a. For credit-impaired financial assets purchased or established, interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial assets.
- b. For financial assets that are not acquired or created but subsequently become impaired, interest income should be computed by multiplying the effective interest rate by the amortized cost of the financial assets from the next reporting period after the impairment is applied.

Credit-impaired financial assets are those for which the issuer or the debtor has experienced significant financial difficulties or defaulted, or where it is probable that the debtor will declare bankruptcy or other financial reorganization, or where an active market for the financial assets has disappeared due to financial difficulties.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed deposits with minimal risk of changes in value within 3 months from the date of acquisition and are used to meet short-term cash commitments.

(2) Impairment of financial assets

The Company assesses impairment losses on financial assets (including accounts receivable) measured at amortized cost based on expected credit losses at each balance sheet date.

Accounts receivables are recognized as a loss provision based on the expected credit loss over the period of survival. Other financial assets are first evaluated to determine whether there is a significant increase in credit risk since initial recognition. If there is no significant increase, an allowance for loss is recognized based on the expected credit loss over 12 months. If there is a significant increase, a loss provision is recognized based on the expected credit loss over the remaining period.

Expected credit loss is a weighted average credit loss weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from possible defaults within 12 months after the reporting date of the financial instrument, and the ongoing, expected credit loss represents the expected credit loss arising from all possible defaults during the expected life of the financial instrument.

For the purpose of internal credit risk management, the Company, without taking into account the collateral held, determines that the following circumstances represent the default of financial assets:

- A. There is internal or external information that indicates that the debtor is unlikely to be able to pay its debts.
- B. Financial assets are more than 365 days past due, unless there is reasonable and supportable information indicating that the basis for delayed default is more appropriate.

All impairment losses on financial assets are reversed by reducing the carrying amount through the provision account. However, the loss provision on investments in debt instruments at fair value through other comprehensive income are recognized in other comprehensive income without reducing their carrying amount.

(3) De-recognition on financial assets

The Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets lapse or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

When the financial asset is de-recognized as a whole at amortized cost, the difference between the carrying amount of the financial asset and the consideration received is recognized in profit or loss. When investments in debt instruments at fair value through other comprehensive income are de-recognized as a whole, the difference between the carrying amount of the investments and the sum of the consideration received and any accumulated gain or loss recognized in other comprehensive income is recognized in profit or loss. When investments in equity instruments measured at fair value through other comprehensive income are de-recognized as a whole, the cumulative gain or loss is transferred directly to retained earnings and is not reclassified as profit or loss.

2. Financial liabilities

(1) Subsequent measurements

All financial liabilities are measured at amortized cost using the effective interest method, except for the following.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include those held for trading and designated as measured at fair value through profit or loss.

Financial liabilities held for trading are measured at fair value, and gains or losses arising from their re-measurement are recognized in other gains and losses.

(2) De-recognition of financial liabilities

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

3. Derivatives

The derivative instruments entered into by the Company include forward foreign exchange contracts used to manage the Company's exchange rate risks.

Derivatives are initially recognized at fair value upon entering into derivative contracts and subsequently remeasured at fair value at the balance sheet date, with gains or losses arising from subsequent measurements recognized directly in profit or loss. However, for derivatives that are designated and are effective hedging instruments, the timing of their recognition in profit or loss will depend on the nature of the hedging. When the fair value of a derivative is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

Derivatives that are embedded in asset master contracts within the scope of IFRS 9, "Financial Instruments", are used as a whole to determine the classification of financial assets. A derivative is considered to be a separate derivative if it is embedded in a master contract of an asset that is not within the scope of IFRS 9 (e.g., embedded in a master contract of a financial liability) and the embedded derivative meets the definition of a derivative, the risks and characteristics of which are not closely related to those of the master contract and the hybrid contract is not measured at fair value through profit or loss.

(XI) Revenue recognition

The Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

Revenue from product sales

Revenue from product sales is from the manufacturing and sale of multi-resins. The Company recognizes revenue when the product is delivered and control of ownership is transferred. Advance receipt of payments for the sale of goods are recognized as contract liabilities before the products are delivered.

(XII) Leases

The Company assesses whether a contract is (or contains) a lease at the contract inception date.

Company as lessee

Right-of-use assets and lease liabilities are recognized at the lease commencement date for all leases, except for leases of low-value underlying assets and short-term leases to which the recognition exemption applies, where lease payments are recognized as expenses on a straight-line basis over the lease term.

(XIII) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that meet the criteria are included as part of the cost of the asset until substantially all of the activities necessary to bring the asset to its intended use or sale condition have been completed.

Investment income earned on the temporary investment from specific borrowings pending the occurrence of qualifying capital expenditures is deducted from the qualifying borrowing costs for capitalization.

Except for the above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(XIV) Employee benefits

1. Short-term employee benefits

Short-term employee benefit-related liabilities are measured at the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

Payments to the defined contribution pension plan is an expense that recognizes the amount of pension benefits to be contributed during the employees' service period.

The defined benefit cost (including service cost, net interest and re-measurement) of the defined benefit pension plan is actuarially determined using the projected unit benefit method. The service cost (including the current service cost and previous service cost and settlement gains or losses) and the net interest of net defined benefit liabilities (assets) are recognized as employee benefit expenses as they occur. Re-measurements (including actuarial gains and losses and return on plan assets, net of interest) are recognized in other comprehensive income as incurred and included in retained earnings, and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability (asset) represents the appropriation deficit (surplus) of the defined benefit pension plan. The net defined benefit asset must not exceed the present value of the refund of appropriation from the plan or of the reduction of future appropriation.

3. Severance benefits

The Company recognizes a severance benefit liability when it can no longer withdraw its offer of severance benefits, or recognizes the associated restructuring costs, whichever is earlier.

(XV) Income tax

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

1. Current tax payable

The Company determines the current income (loss) in accordance with the regulations of each income tax filing jurisdiction and calculates the income tax payable (recoverable) accordingly.

Income tax on undistributed earnings calculated in accordance with the ROC Income Tax Act is recognized in the year when the shareholders resolve to retain the earnings.

Adjustments to prior years' income tax payable are to be included in the current period's income tax.

2. Deferred tax

Deferred income tax is computed on temporary differences between the carrying amounts of assets and liabilities and the tax basis of taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which income tax credits can be utilized for temporary differences.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and to the extent that a reversal is expected in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax assets will be available to allow recovery of all or part of the asset. Deferred income tax assets that have not been recognized are reviewed at each balance sheet date and

the carrying amount is increased to the extent that it is probable that future taxable income will be available to recover all or part of the asset.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, which are based on tax rates and tax laws that have been legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences of the manner in which the Company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

3. Income tax of the current period and deferred income tax

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

V. Sources of Uncertainty to Significant Accounting Judgments, Estimates, and Assumptions

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

Key Sources of Estimation Uncertainty

(I) Estimated impairment of financial assets

The provision for impairment of account receivables is based on assumptions on probability of default and loss given default. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates. For details of the key assumptions and inputs used, see Note 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

(II) Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

VI. Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and working capital	\$ 80	\$ 80
Checking accounts and demand deposits	64,881	68,016
Cash equivalents		
Commercial paper	<u>312,451</u>	<u>269,971</u>
	<u>\$ 377,412</u>	<u>\$ 338,067</u>

VII. Financial instruments at fair value through profit or loss

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets - current</u>		
Derivative instruments		
(not specified for hedging)		
- FX forward contracts	<u>\$ 676</u>	<u>\$ 224</u>

The FX forward contracts on the balance sheet date that are not subject to hedge accounting and have not yet matured are as follows:

	<u>Currency</u>	<u>Maturity period</u>	<u>Contract amount (NTD thousand)</u>
<u>December 31, 2025</u>			
Purchase of FX forward	NTD to USD	October 17, 2025 ~	NTD13,752/USD450

contract		January 15, 2026	
Purchase of FX forward contract	NTD to USD	November 12, 2025 ~ February 5, 2026	NTD13,223/USD428
Purchase of FX forward contract	NTD to USD	December 9, 2025 ~ March 4, 2026	NTD13,197/USD424

	<u>Currency</u>	<u>Maturity period</u>	<u>Contract amount (NTD thousand)</u>
<u>December 31, 2024</u>			
Purchase of FX forward contract	NTD to USD	November 14, 2024 ~ February 5, 2025	NTD11,622/USD359
Purchase of FX forward contract	NTD to USD	December 11, 2024 ~ March 4, 2025	NTD16,891/USD522
Purchase of FX forward contract	NTD to USD	December 27, 2024 ~ March 25, 2025	NTD15,386/USD472

The purpose of the engagement in FX forward contracts by the Company in 2025 and 2024 was to avoid the risk of foreign currency assets and liabilities arising from exchange rate fluctuations. The FX forward contracts held by the Company do not meet the effective hedging conditions, so hedge accounting is not applicable.

VIII. Financial assets measured at amortized costs

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Current</u>		
Domestic investment		
Corporate bonds (a)	\$ 10,139	\$ 10,019
Time deposits with original maturity over 3 months (b)	<u>99,000</u>	<u>99,000</u>
	<u>\$ 109,139</u>	<u>\$ 109,019</u>

- In December 2025, the Company bought 5-year green bonds issued by Taiwan Semiconductor Manufacturing Company Limited at face value of \$10,139 thousand with maturity value of \$10,248 thousand, an effective interest rate of 1.2% and a maturity date of December 8, 2026.
- In November 2024, the consolidated Company bought 5-year green bonds issued by Taiwan Semiconductor Manufacturing Company Limited at face value of \$10,019 thousand with maturity value of \$10,039 thousand, an effective interest rate of 1.2% and a maturity date of January 6, 2025.
- As of December 31, 2025 and December 31, 2026, the interest rate range of time deposits with original maturity over 3 months was 1.7% per annum.

For information on credit risk management and impairment assessment of financial assets measured at amortized cost, please refer to Note 9.

The Company has no pledge of financial assets measured at amortized cost.

IX. Credit risk management of debt instrument investment

The debt instruments invested by the Company are financial assets measured at amortized cost:

<u>December 31, 2025</u>	<u>At amortized cost</u>
Total book value	\$ 109,139
Loss provision	-
Amortized cost	<u>\$ 109,139</u>

December 31, 2024

	<u>At amortized cost</u>
Total book value	\$ 109,019
Loss provision	<u>-</u>
Amortized cost	<u>\$ 109,019</u>

The credit risk of bank deposits and other financial instruments is measured and monitored by the financial departments of the Company. As the trading counterparties and performing parties of the Company are all banks with good credit ratings and financial institutions or corporate organizations of investment grade or above, there is no major doubt of default, so there is no major credit risk.

The current credit risk rating mechanism of the Company and the total carrying amount of debt instrument investments of various credit ratings are as follows:

Credit rating	Definition	Recognition basis of expected credit loss	Expected credit loss rate	Total book amount on December 31, 2025	Total book amount on December 31, 2024
Normal	The debtor's credit risk is low, and the debtor is fully capable of paying off the contractual cash flow.	12-month expected credit loss	0%	<u>\$ 109,139</u>	<u>\$ 109,019</u>

X. Notes receivable, accounts receivable and collection

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Notes receivable</u>		
At amortized cost		
Arising from business		
Non-related parties	\$ <u>37,630</u>	\$ <u>30,219</u>
Related party	\$ <u>9,577</u>	\$ <u>16,816</u>
<u>Accounts receivable</u>		
At amortized cost		
Total book value		
Non-related parties	\$ 95,298	\$ 108,754
Less: Loss allowance	<u>-</u>	(<u>2,219</u>)
	<u>\$ 95,298</u>	<u>\$ 106,535</u>
Related party	<u>\$ 5,407</u>	<u>\$ 6,443</u>

(I) Accounts receivable

The Company's average credit period for product sales is 90 days, and no interest is calculated for accounts receivable. The Company's policy is to only conduct transactions with objects of investment grade or above (inclusive), and in necessary circumstances obtain sufficient collaterals to mitigate the risk of financial loss due to default. The Company will use other publicly available financial information and historical transaction records to rate its major customers. The Company continuously monitors the credit risk and the credit rating of the counterparty, and manages the credit risk through the annual review and approval of the counterparty's credit limit.

In order to mitigate the credit risk, the management of the Company assigned dedicated personnel to be responsible for the credit line decision, credit approval and other monitoring procedures to ensure that appropriate actions have been taken for the recovery of overdue receivables. In addition, the Company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been provided with appropriate impairment losses.

The Company recognizes the loss provision of accounts receivable based on the expected credit loss during the existence period. The expected credit loss during the duration is calculated using the preparation matrix, which takes into account customers' past default records and current financial situation, the industrial economic situation, the

GDP forecast and the industrial outlook. Because the historical experience of credit loss of the Company shows that there is no significant difference between the loss types of different customer groups, the Company matrix does not further distinguish customer groups, and only sets the expected credit loss rate based on the number of days of accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably expect the recoverable amount, for example, the counterparty to the transaction is in liquidation or the debt has been established for more than 365 days, the Company will directly write off the relevant accounts receivable, but will continue the recovery activities. The amount recovered due to the recovery is recognized in profit or loss.

The Company measures the loss provision of accounts receivable according to the preparation matrix as follows:

December 31, 2025

	Account established for 1 to 90 days	Account established for 91 to 180 days	Account established for 181 to 365 days	Account established for over 365 days	Total
Total book value	\$ 141,540	\$ 6,372	\$ -	\$ -	\$ 147,912
Loss allowance (lifetime ECLs)	-	-	-	-	-
Amortized cost	<u>\$ 141,540</u>	<u>\$ 6,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,912</u>

December 31, 2024

	Account established for 1 to 90 days	Account established for 91 to 180 days	Account established for 181 to 365 days	Account established for over 365 days	Total
Total book value	\$ 151,396	\$ 8,720	\$ -	\$ 2,116	\$ 162,232
Loss allowance (lifetime ECLs)	(50)	(53)	-	(2,116)	(2,219)
Amortized cost	<u>\$ 151,346</u>	<u>\$ 8,667</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,013</u>

The provision for losses of accounts receivable is calculated according to the expected credit loss rate of each age range, and the expected credit loss rate for the years ended December 31, 2025 and December 31, 2024 is 0%~100%.

Changes in loss provision on accounts receivable:

	2025	2024
Beginning balance	\$ 2,219	\$ 2,498
Less: Reversal of impairment losses for the current year	(103)	(279)
Reclassification	(2,116)	-
Ending balance	<u>\$ -</u>	<u>\$ 2,219</u>

(III) Collections (listed under other non-current assets)

Information on the change in provision for bad debts from collections is as follows:

	2025	2024
Beginning balance	\$ 23,419	\$ 24,019
Less: Reversal of impairment losses for the current year	(600)	(600)
Reclassification	2,116	-
Ending balance	<u>\$ 24,935</u>	<u>\$ 23,419</u>

As of December 31, 2024 and December 31, 2023, the amount of loss provision included individual impaired accounts receivable in significant financial difficulties, amounting to NTD 25,035 thousand and NTD 23,419 thousand, respectively, which had been transferred to collections (listed under other non-current assets). The Company does not hold any collateral for these receivable balances.

XI. Inventory

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Raw materials	\$ 78,352	\$ 95,450
Materials	4,199	2,433
Work-in-progress	1,085	1,162
Finished goods	45,608	41,729
Goods	92	-
Inventory in transit	<u>13,329</u>	<u>15,473</u>
	<u>\$ 142,665</u>	<u>\$ 156,247</u>

The nature of cost of goods sold is as follows:

	<u>2025</u>	<u>2024</u>
Cost of inventory sold	\$ 539,534	\$ 599,868
Inventory write-down loss	<u>589</u>	<u>-</u>
	<u>\$ 540,123</u>	<u>\$ 599,868</u>

The Company has no inventory pledged as loan collateral.

XII. Investments using the equity method
Investments in subsidiaries

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Sun Yang Global Co., Ltd.	<u>\$ 22,838</u>	<u>\$ 46,266</u>

On the balance sheet date, the Company's ownership interest and voting right percentage in subsidiaries are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Sun Yang Global Co., Ltd.	100%	100%

The Company does not have any amount of borrowing with its investment in subsidiaries as the collateral.

XIII. Property, plant, and equipment

	<u>Land</u>	<u>Building</u>	<u>Machinery equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
<u>Cost</u>							
Balance on January 1, 2025	\$ 276,190	\$ 178,281	\$ 302,185	\$ 12,349	\$ 11,786	\$ 35,489	\$ 816,280
Increase	-	1,249	753	100	1,333	918	4,353
Disposals	-	-	(783)	-	-	(135)	(918)
Balance on December 31, 2025	<u>\$ 276,190</u>	<u>\$ 179,530</u>	<u>\$ 302,155</u>	<u>\$ 12,449</u>	<u>\$ 13,119</u>	<u>\$ 36,272</u>	<u>\$ 819,715</u>
<u>Cumulative depreciation</u>							
Balance on January 1, 2025	\$ -	\$ 119,093	\$ 298,653	\$ 10,300	\$ 9,654	\$ 30,976	\$ 468,676
Depreciation expenses	-	5,419	1,315	471	724	1,234	9,163
Disposals	-	-	(783)	-	-	(135)	(918)
Balance on December 31, 2025	<u>\$ -</u>	<u>\$ 124,512</u>	<u>\$ 299,185</u>	<u>\$ 10,771</u>	<u>\$ 10,378</u>	<u>\$ 32,075</u>	<u>\$ 476,921</u>
Net on December 31, 2025	<u>\$ 276,190</u>	<u>\$ 55,018</u>	<u>\$ 2,970</u>	<u>\$ 1,678</u>	<u>\$ 2,741</u>	<u>\$ 4,197</u>	<u>\$ 342,794</u>
<u>Cost</u>							
Balance on January 1, 2024	\$ 276,190	\$ 170,213	\$ 365,894	\$ 12,259	\$ 12,543	\$ 45,463	\$ 882,562
Increase	-	8,535	-	90	95	3,532	12,252
Disposals	-	(467)	(63,824)	-	(852)	(13,506)	(78,649)
Reclassification	-	-	115	-	-	-	115
Balance on December 31, 2024	<u>\$ 276,190</u>	<u>\$ 178,281</u>	<u>\$ 302,185</u>	<u>\$ 12,349</u>	<u>\$ 11,786</u>	<u>\$ 35,489</u>	<u>\$ 816,280</u>
<u>Cumulative depreciation</u>							
Balance on January 1, 2024	\$ -	\$ 115,501	\$ 361,059	\$ 9,887	\$ 9,713	\$ 43,386	\$ 539,546
Depreciation expenses	-	4,059	1,418	413	766	1,096	7,752
Disposals	-	(467)	(63,824)	-	(825)	(13,506)	(78,622)
Balance on December 31, 2024	<u>\$ -</u>	<u>\$ 119,093</u>	<u>\$ 298,653</u>	<u>\$ 10,300</u>	<u>\$ 9,654</u>	<u>\$ 30,976</u>	<u>\$ 468,676</u>
Net on December 31, 2024	<u>\$ 276,190</u>	<u>\$ 59,188</u>	<u>\$ 3,532</u>	<u>\$ 2,049</u>	<u>\$ 2,132</u>	<u>\$ 4,513</u>	<u>\$ 347,604</u>

The Company's property, plant and equipment listed on December 31, 2024 and December 31, 2025 have been evaluated and there was no indication of impairment.

Depreciation expense is accrued on a straight-line basis according to the following useful lives:

Building	
Main buildings	20 to 50 years
Decoration work, etc.	3 to 10 years
Machinery equipment	3 to 16 years
Transportation equipment	3 to 10 years
Office equipment	3 to 5 years
Other equipment	2 to 10 years

Please refer to Note 29 for the amount of property, plant and equipment pledged as collaterals for loans.

XIV. Lease arrangements

Other lease agreements

	<u>2025</u>	<u>2024</u>
Short term lease expense	\$ 297	\$ 316
Total cash outflow from lease	(\$ 297)	(\$ 316)

The Company chooses to apply the recognition exemption to the leases of houses and buildings that meet the short-term lease criteria, and does not recognize the relevant right-of-use assets and lease liabilities for such leases.

XV. Other assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Current</u>		
Other receivables	\$ 75	\$ 83
Provisional payment	2,359	1,229
	<u>\$ 2,434</u>	<u>\$ 1,312</u>
<u>Non-current</u>		
Collection	\$ 24,935	\$ 23,419
Less: Provision for bad debts	(24,935)	(23,419)
	<u>\$ -</u>	<u>\$ -</u>

XVI. Borrowings

Short-term notes payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Bank acceptances	\$ 40,909	\$ 44,338

Outstanding short-term notes payable were as follows:

December 31, 2025

Guarantee/acceptance institution	Book value	Original currency amount (USD)	Name of collateral	Book value of collateral
<u>Bank acceptances</u>				
Hua Nan Bank	\$ 14,144	\$ 450	None	\$ -
Mega International Commercial Bank	13,436	428	None	-
Taiwan Business Bank	13,329	424	None	-
	<u>\$ 40,909</u>	<u>\$ 1,302</u>		<u>\$ -</u>

December 31, 2024

Guarantee/acceptance institution	Book value	Original currency amount (USD)	Name of collateral	Book value of collateral
<u>Bank acceptances</u>				
Hua Nan Bank	\$ 11,763	\$ 359	None	\$ -

Mega International				
Commercial Bank	17,102	522	None	-
Taiwan Cooperative Bank	<u>15,473</u>	<u>472</u>	None	-
	<u>\$ 44,338</u>	<u>\$ 1,353</u>	None	<u>\$ -</u>

Please refer to Note 30 for guaranteed notes payable issued for bank borrowings.

XVII.	<u>Notes and accounts payable</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Notes payable</u>		
	Arising from business	<u>\$ 4,430</u>	<u>\$ 3,170</u>
	<u>Accounts payable</u>		
	Arising from business	<u>\$ 31,276</u>	<u>\$ 21,996</u>

Accounts payable are paid at the agreed time in the contract. The Company has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit period.

XVIII.	<u>Other liabilities</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Current</u>		
	Other payables		
	Directors' remuneration payable	\$ 407	\$ 243
	Employees' remuneration payable	269	161
	Salary and bonus payable	14,423	14,760
	Equipment payables	128	4,599
	Other	<u>9,014</u>	<u>8,506</u>
		<u>\$ 24,241</u>	<u>\$ 28,269</u>

XIX. Retirement benefit plans

(I) Defined contribution plan

The pension system of the "Labor Pension Act" applicable to the Company is a government managed defined contribution retirement plan, in which 6% of an employee's monthly salary is allocated to an individual account at the Labor Insurance Bureau.

(II) Defined benefit plans

The pension system of the Company in accordance with the country's "Labor Standards Act" is a government-administered defined-benefit retirement plan. The employee's pension is calculated based on the length of service and the average salary for the six months before the approved retirement date. The Company allocates 10% of the total monthly salary of the employees to the pension, and hands it over to the Labor Retirement Reserve Supervision Committee to deposit it into the special account of the Bank of Taiwan in the name of the committee. Before the end of the year, if it is estimated that the balance of the special account is not sufficient to pay the workers who are expected to meet the retirement conditions in the next year, the difference will be provided in one go by the end of March of the next year. The special account is entrusted to the Bureau of Labor Fund of the Ministry of Labor for management, and the Company has no right to influence the investment management strategy.

The amounts of defined benefit plans included in the parent company's balance sheet are listed as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligations	\$ 45,631	\$ 48,475
Fair value of plan assets	(<u>54,733</u>)	(<u>54,834</u>)
Net defined benefit (assets) liabilities	(<u>\$ 9,102</u>)	(<u>\$ 6,359</u>)

Changes to net defined benefit liabilities (assets) are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
Balance on January 1, 2025	\$ 48,475	(\$ 54,834)	\$ 6,359
Service cost			
Service costs for the current period	145	-	145
Service costs for the prior period	585	-	585
Interest expense (revenue)	717	(826)	(109)
Recognized as loss (profit)	1,447	(826)	621
Re-measurement			
Compensation for planned assets (excluding the amount included in net interest)	-	(3,971)	(3,971)
Actuarial (gain) loss			
Changes in financial assumptions	325	-	325
Adjustment based on past experience	1,331	-	1,331
Recognized in other comprehensive income	(1,656)	(3,971)	(2,315)
Employer contribution	-	(1,049)	(1,049)
Benefit paid	(5,947)	5,947	-
Balance on December 31, 2024	\$ 45,631	(\$ 54,733)	(\$ 6,359)
Balance on January 1, 2024	\$ 60,434	(\$ 54,221)	\$ 9,102
Service cost			
Service costs for the current period	232	-	232
Interest expense (revenue)	651	(592)	59
Recognized as loss (profit)	883	(592)	291
Re-measurement			
Compensation for planned assets (excluding the amount included in net interest)	-	(5,046)	(5,046)
Actuarial loss (gain)			
Changes in financial assumptions	(1,193)	-	(1,193)
Adjustment based on past experience	(4,766)	-	(4,766)
Recognized in other comprehensive income	(5,959)	(5,046)	(11,005)
Employer contribution	-	(1,858)	(1,858)
Benefit paid	(6,883)	6,883	-
Balance on December 31, 2024	\$ 48,475	(\$ 54,834)	(\$ 6,359)

The amounts recognized in profit or loss for defined benefit plans are summarized by function as follows:

	2025	2024
Operating costs	\$ 467	\$ 194
Operating expenses	154	97
	\$ 621	\$ 291

The Company is exposed to the following risks as a result of the “Labor Standards Act” pension system:

1. Investment risk: The Bureau of Labor Fund of the Ministry of Labor invests labor pension funds in domestic (foreign) equity and debt securities and bank deposits through self-operation and entrusted management, but the Company’s distributable amount of the plans’ assets is the income calculated at not lower than the 2-year fixed deposit interest rate of the local bank.
2. Interest rate risk: The decrease in interest rates of government/corporate bonds will increase the present value of the defined benefit obligation, but the return on the debt investment of the planned assets will also increase; the impact of the two on the net defined benefit liabilities is partially offset.
3. Salary risk: For the calculation of the present value of defined benefit obligations, reference is made to the future salaries of the members of the plans. Therefore, increases in plan members’ salaries will result in an increase in the present value of the defined benefit obligation.

The present value of the Company’s defined benefit obligation was actuarially determined by a qualified actuary with the following significant assumptions as of the measurement date.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate	1.375%	1.500%
Expected rate of salary increase	2.250%	2.250%

If there are reasonable possible changes in significant actuarial assumptions, the amount by which the present value of the defined benefit obligation would increase (decrease), with all other assumptions held constant, is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate		
0.25% increase	(\$ <u>645</u>)	(\$ <u>767</u>)
0.25% decrease	\$ <u>666</u>	\$ <u>790</u>
Expected rate of salary increase		
0.25% increase	\$ <u>649</u>	\$ <u>771</u>
0.25% decrease	(\$ <u>632</u>)	(\$ <u>753</u>)

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation, because the actuarial assumptions may be correlated and changes in only one assumption are not probable.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Amount expected to be appropriated within 1 year	\$ <u>408</u>	\$ <u>1,800</u>
Average period of defined benefit obligation to maturity	6.6 years	6.5 years

XX. Equity

(I) Common share capital

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Authorized ordinary shares (in thousands)	<u>61,056</u>	<u>61,056</u>
Authorized capital	\$ <u>610,560</u>	\$ <u>610,560</u>
Issued and paid ordinary shares (in thousands)	<u>61,056</u>	<u>61,056</u>
Issued capital	\$ <u>610,560</u>	\$ <u>610,560</u>

(II) Capital surplus

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>May be used to offset a deficit, distributed cash dividend or transferred to shares (1)</u>		
Treasury stock trading	\$ 52,541	\$ 52,541
Donated assets	768	768
<u>May only be used to offset a deficit (2)</u>		
Exercise of the right of return	<u>2</u>	<u>-</u>
	<u>\$ 53,311</u>	<u>\$ 53,309</u>

1. Such capital surplus 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 to once a year).

2. Such capital surplus is the amount transferred when the company exercises of the right of return and may only be used to offset a deficit.

(III) Retained earnings and dividends policy

According to the provisions of the earnings distribution policy in the Company's articles of association, if there is a surplus in the annual final accounts, taxes shall be paid in accordance with the law, and after making up the cumulative loss, 10% shall be set aside as the legal reserve, and the rest shall be appropriated as or reversed from special reserve according to laws and regulations. If there is still a balance, the board meeting shall formulate an earnings distribution proposal for it together with the cumulative undistributed surplus, and submit it to the shareholders' meeting for a resolution to distribute dividends to shareholders. Please refer to Note 22(7) employees' and directors' remuneration for the distribution policy of employees' and directors' remuneration stipulated in the Articles of Association.

The Company adopts a fixed and residual dividend policy for sustainable operation, sustainable growth and long-term financial planning based on the overall environment and the characteristics of the industrial development. Shareholders' dividends are distributed annually from the distributable surplus. The cash dividends are maintained between 10% and 90%, but may be adjusted according to changes in the internal and external business environment.

Distribution of earnings to the legal reserve shall be made until the reserve equals the Company's paid-in capital. Legal reserves may be used to offset the deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company sets aside and reverses special reserves in accordance with the requirements of the letters referenced Jin-Guan-Cheng-Fa No. 1010012865 and Jin-Guan-Cheng-Fa No. 1010047490, and "Questions and Answers on the Applicability of Appropriation of Special Reserves After Adoption of International Financial Reporting Standards (IFRSs)".

The Company's general shareholders' meeting on June 19, 2025 and June 14, 2024 respectively passed resolutions on the following earnings distribution schemes for 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Legal reserve	<u>\$ 1,462</u>	<u>\$ 2,067</u>
Cash dividends	<u>\$ 30,528</u>	<u>\$ 30,528</u>
Cash dividends per share (NTD)	<u>\$ 0.50</u>	<u>\$ 0.50</u>

The Company's board meeting on March 5, 2026 proposed the following earnings distribution of 2025:

	<u>2025</u>
Legal reserve	<u>\$ 1,116</u>

Cash dividends	<u>\$ 30,528</u>
Cash dividends per share (NTD)	<u>\$ 0.50</u>

The earnings distribution scheme for 2025 is pending the resolution of the general shareholders' meeting expected to be held in June 2026.

XXI.	<u>Revenue</u>		
		2025	2024
	Revenues from sale of merchandise	<u>\$ 640,530</u>	<u>\$ 695,542</u>
	<u>Contract balance</u>		
		December 31, 2025	December 31, 2024
	Notes receivable (Note 10)	<u>\$ 37,630</u>	<u>\$ 37,185</u>
	Notes receivable - related parties (Note 10)	<u>\$ 9,577</u>	<u>\$ 16,330</u>
	Accounts receivable (Note 10)	<u>\$ 95,298</u>	<u>\$ 89,415</u>
	Accounts receivable - related parties (Note 10)	<u>\$ 5,407</u>	<u>\$ 2,661</u>
	Contractual liabilities		
	Goods sold	<u>\$ 5,563</u>	<u>\$ 114</u>
XXII.	<u>Net profit for the year</u>		
(I)	Interest income		
		2025	2024
	Bank interest income	<u>\$ 2,063</u>	<u>\$ 1,979</u>
	Financial assets measured at amortized costs	<u>3,590</u>	<u>3,300</u>
		<u>\$ 5,653</u>	<u>\$ 5,279</u>
(II)	Other income		
		2025	2024
	Other	<u>\$ 1,540</u>	<u>\$ 133</u>
(III)	Other gains and losses		
		2025	2024
	Gain on disposal of property, plant, and equipment	<u>\$ -</u>	<u>\$ 192</u>
	Net foreign currency exchange benefits	<u>1,357</u>	<u>359</u>
	Net profit (loss) of financial assets and liabilities at fair value through profit or loss	<u>452</u>	<u>1,465</u>
	Other	<u>(5)</u>	<u>(374)</u>
		<u>\$ 1,804</u>	<u>\$ 1,642</u>
(IV)	Finance costs		
		2025	2024
	Interest on bank loans	<u>\$ 57</u>	<u>\$ 69</u>
(V)	Depreciation and amortization		
		2025	2024
	An analysis of depreciation by function		
	Operating costs	<u>\$ 7,681</u>	<u>\$ 6,227</u>
	Operating expenses	<u>1,482</u>	<u>1,525</u>
		<u>\$ 9,163</u>	<u>\$ 7,752</u>

An analysis of amortization by
function

Operating expenses

\$ 336

\$ 332

(VI) Employee benefits expense		
	2025	2024
Short-term employee benefits	\$ 77,399	\$ 76,376
Post-employment benefits		
Defined contribution plans	2,564	2,495
Defined benefit plan (Note 19)	621	291
Other employee benefits	4,104	3,761
Total employee benefits expense	<u>\$ 84,688</u>	<u>\$ 82,923</u>
An analysis by function		
Operating costs	\$ 45,786	\$ 44,351
Operating expenses	38,902	38,572
	<u>\$ 84,688</u>	<u>\$ 82,923</u>

(VII) Employees' and directors' remuneration

In accordance with the Articles of Association, the Company appropriates 1% to 3% of the balance as the employees' remuneration, and no more than 4% as the directors' remuneration. The resolutions on the employees' and directors' remuneration for 2025 and 2024 by the board meetings on March 5, 2026 and March 10, 2025, respectively, are as follows:

Ratio

	2025	2024
Employees' remuneration	1.69%	1.69%
Directors' remuneration	2.55%	2.55%

Amount

	2025		2024	
	Cash	Stocks	Cash	Stocks
Employees' remuneration	\$ 269	\$ -	\$ 161	\$ -
Directors' remuneration	407	-	243	-

If there is still any change in the amount after the annual parent company only financial statements is approved and issued, it shall be handled according to the change of accounting estimates and adjusted and recorded in the next year.

There is no difference between the actual allotment amounts of employees' and directors' remuneration in 2024 and 2023 and the amount recognized in the parent company only financial statements in 2024 and 2023.

For information on the employees' and directors' remuneration in accordance with the resolutions of the board meeting of the Company, please visit the "MOPS" of the Taiwan Stock Exchange.

XXIII. Income tax

(I) The main components of income tax expense recognized in profit/loss

	2025	2024
Current tax payable		
Generated in the current period	\$ 7,712	\$ 4,242
R&D expenditures offset in the current year	(1,684)	(1,272)
Adjustments of prior years	(132)	(36)
	<u>5,896</u>	<u>2,934</u>
Deferred tax		
Generated in the current period	<u>72</u>	<u>388</u>
Income tax expense recognized in profit or loss	<u>\$ 5,968</u>	<u>\$ 3,322</u>

Adjustment of accounting income and income tax expense is as follows:

	<u>2025</u>	<u>2024</u>		
Net profit before tax	\$ <u>15,276</u>	\$ <u>9,136</u>		
Income tax on net profit before tax				
at the statutory tax rate	\$ 3,055	\$ 1,827		
Nondeductible expenses in				
determining taxable income	1	75		
Tax-free income	4,728	2,728		
R&D expenditures offset in the				
current year	(1,684)	(1,272)		
Adjustments to income tax				
expenses of prior years	(<u>132</u>)	(<u>36</u>)		
Income tax expense recognized in				
profit or loss	\$ <u>5,968</u>	\$ <u>3,322</u>		
(II) Income tax recognized in other comprehensive income	<u>2025</u>	<u>2024</u>		
<u>Deferred tax</u>				
Generated in the current period				
- Remeasurement of defined				
benefit obligation	\$ <u>2,201</u>	\$ <u>2,201</u>		
Income tax recognized in other				
comprehensive income	\$ <u>2,201</u>	\$ <u>2,201</u>		
(III) Income tax assets and liabilities of the current period	<u>December 31, 2025</u>	<u>December 31, 2024</u>		
Current tax assets				
Income tax receivable	\$ <u>-</u>	\$ <u>121</u>		
Income tax liabilities of the period				
Income tax payable	\$ <u>3,605</u>	\$ <u>2,475</u>		
(IV) Deferred income tax assets and liabilities				
Changes in deferred income tax assets and liabilities:				
<u>2025</u>				
	<u>Beginning</u>	<u>Recognized as</u>	<u>Recognized in</u>	<u>Ending balance</u>
	<u>balance</u>	<u>loss (profit)</u>	<u>other</u>	
			<u>comprehensive</u>	
			<u>income</u>	
<u>Deferred income tax assets</u>				
Temporary difference				
Provision for bad debts	4,756	(115)	-	4,641
Impairment loss	89	-	-	89
Write-down of inventories	2,421	118	-	2,539
Unrealized gross sales profit				
of inventory in transit	-	519	-	519
Unrealized gross profit of				
goods sold to				
subsidiaries	84	(42)	-	42
Financial assets measured at				
cost	7,591	-	-	7,591
Unrealized exchange loss	57	(4)	-	53
Defined-benefit retirement				
plan	<u>1,804</u>	(<u>86</u>)	<u>-</u>	<u>1,718</u>
	<u>\$ 16,802</u>	<u>\$ 390</u>	<u>\$ -</u>	<u>\$ 17,192</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Financial liabilities at fair				
value through profit or loss	\$ 45	\$ 90	\$ -	\$ 135
Property, plant, and	45,365	-	-	45,365

equipment				
Unrealized gross sales profit of inventory in transit	-	372	-	372
Defined-benefit retirement plan	3,075	-	463	3,538
	<u>\$ 48,485</u>	<u>\$ 462</u>	<u>\$ 463</u>	<u>\$ 49,410</u>

2024

	Beginning balance	Recognized as loss (profit)	Recognized in other comprehensive income	Ending balance
<u>Deferred income tax assets</u>				
Temporary difference				
Financial liabilities at fair value through profit or loss	\$ 248	(\$ 248)	\$ -	\$ -
Provision for bad debts	4,959	(203)	-	4,756
Impairment loss	136	(47)	-	89
Write-down of inventories	2,421	-	-	2,421
Unrealized gross sales profit of inventory in transit	459	(459)	-	-
Unrealized gross profit of goods sold to subsidiaries	16	68	-	84
Financial assets measured at cost	7,591	-	-	7,591
Unrealized exchange loss	-	57	-	57
Defined-benefit retirement plan	2,117	(313)	-	1,804
	<u>\$ 17,947</u>	<u>(\$ 1,145)</u>	<u>\$ -</u>	<u>\$ 16,802</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Financial liabilities at fair value through profit or loss	\$ -	\$ 45	\$ -	\$ 45
Property, plant, and equipment	45,365	-	-	45,365
Unrealized gross sales profit of inventory in transit	572	(572)	-	-
Defined-benefit retirement plan	874	-	2,201	3,075
Unrealized exchange gains	230	(230)	-	-
	<u>\$ 47,041</u>	<u>(\$ 757)</u>	<u>\$ 2,201</u>	<u>\$ 48,485</u>

(V) Unused investment offset of deferred income tax not recognized in the parent company only balance sheet

	December 31, 2025	December 31, 2024
Investment offsets		
R&D expenditures	<u>\$ -</u>	<u>\$ 626</u>

(VI) Income tax assessments

The Company's profit-seeking enterprise income tax declaration has been approved by the tax collection authority up to and including 2022.

XXIV. Earnings per share

	2025	Unit: NTD Per Share 2024
Basic earnings per share	<u>\$ 0.15</u>	<u>\$ 0.10</u>

Diluted earnings per share \$ 0.15 \$ 0.10

The earnings and the weighted average number of common shares issued for the calculation of earnings per share are as follows:

Net profit of the period

	2025	2024
Net profit used to calculate basic earnings per share	\$ <u>9,308</u>	\$ <u>5,814</u>
Net profit used to calculate diluted earnings per share	\$ <u>9,308</u>	\$ <u>5,814</u>

Number of shares

	2025	Unit: Thousand Shares 2024
Weighted average number of ordinary shares in the computation of basic earnings per share	61,056	61,056
Effect of potentially dilutive ordinary shares:		
Employees' remuneration	20	16
Weighted average number of ordinary shares in the computation of diluted earnings per share	61,076	61,072

If the Company has the option to pay employees' remuneration in shares or cash, the calculation of diluted earnings per share is based on the assumption that the employees' remuneration will be issued in shares, and the weighted average number of outstanding shares will be included in the calculation of diluted earnings per share when the potential common shares are diluted. Such a dilutive effect of the potential shares is included in the employees' compensation of diluted earnings per share until the shareholders resolve the number of ordinary shares to be distributed to employees at their meeting in the following year.

XXV. Cash flow information

(I) Non-cash transactions

The Company conducted the following non-cash investment and financial activities in 2025 and 2024:

1. In 2025, the Company acquired NTD4,353 thousand of property, plant and equipment. Among other payables, the total amount of equipment payables increased by NTD4,471 thousand. The total amount of cash paid for the purchase of property, plant and equipment was NTD8,824 thousand (please refer to Notes 13 and 18).
2. In 2024, the Company acquired NTD12,252 thousand of property, plant and equipment. Among other payables, the total amount of equipment payables increased by NTD2,604 thousand. The total amount of cash paid for the purchase of property, plant and equipment was NTD9,648 thousand (please refer to Notes 13 and 18).

(II) Changes in liabilities from financial activities

2025

	January 1, 2025	Cash flow	December 31, 2025
Short-term notes payable	\$ <u>44,338</u>	(\$ <u>3,429</u>)	\$ <u>40,909</u>

2024

	January 1, 2024	Cash flow	December 31, 2024
Short-term notes payable	\$ <u>32,130</u>	\$ <u>12,208</u>	\$ <u>44,338</u>

XXVI. Capital management

The Company conducts capital management to ensure that it can maximize shareholder returns by optimizing debt and equity balances on the premises of continuing operation.

The Company adopts a prudent risk management strategy and conducts regular reviews, and makes an overall plan based on business development strategies and operational needs to determine the appropriate capital structure for the Company.

XXVII. Financial instruments

(I) Fair value information - financial instruments not measured at fair value

The management of the Company considers that as the maturity date of the carrying amount of financial assets and financial liabilities not measured at fair value is near, or that the future payment price is equivalent to the carrying amount, the carrying amount is close to its fair value.

(II) Fair value information - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities at fair value through profit or loss				
Derivatives	\$ <u>-</u>	\$ <u>676</u>	\$ <u>-</u>	\$ <u>676</u>

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities at fair value through profit or loss				
Derivatives	\$ <u>-</u>	\$ <u>224</u>	\$ <u>-</u>	\$ <u>224</u>

There was no transfer between level 1 and level 2 fair value measurements in 2025 and 2024.

2. Evaluation technology and input value of level 2 fair value measurement

<u>Types of financial instruments</u>	<u>Evaluation technology and input value</u>
Derivative instrument - FX forward contract	Discounted cash flow method: The future cash flow is estimated at the observable forward exchange rate at the end of the period and the exchange rate set in the contract, and discounted respectively at a discount rate that can reflect the credit risk of each counterparty.

(III) Categories of financial instruments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets measured at amortized costs		
Cash and cash equivalents	\$ 377,412	\$ 338,067
Financial assets measured at amortized costs - current		
Notes receivable	109,139	109,019
Notes receivable - related parties	37,630	30,219
Accounts receivable	9,577	16,816
Accounts receivable - related parties	95,298	106,535
Refundable deposits	5,407	6,443
Financial assets measured at fair value through profit or loss	244	210
	676	224
<u>Financial liabilities</u>		
Measured at cost after amortization		
Short-term notes payable	40,909	44,338
Notes payable	4,430	3,170
Accounts payable	31,276	21,996
Other payables	24,241	28,269

(IV) Financial risk management objective and policies

The financial instruments of the Company include equity investment, accounts receivable, accounts payable and loans. The Company is committed to ensuring sufficient and cost-effective working capital when necessary. The Company prudently manages the foreign currency exchange rate risk, interest rate risk, equity instrument price risk, credit risk and liquidity risk related to operating activities, in order to reduce the potential adverse impact of market uncertainty on the Company's finance.

The important financial planning of the Company has been reviewed by the board meeting in accordance with relevant norms and internal control systems. In carrying out financial planning, the Finance Department of the Company strictly abides by the relevant financial operation procedures related to the overall financial risk management and the division of rights and responsibilities.

1. Market risk

The financial risk caused by the operating activities of the Company to itself are the foreign currency exchange rate change risk and the interest rate change risk. The Company uses derivative financial instruments to manage the risk of foreign currency exchange rate changes.

(1) Foreign currency risk

The Company engages in sales and purchase transactions denominated in foreign currencies, thus causing it to be exposed to foreign currency exchange rate changes. In order to avoid fluctuations in future cash flows due to changes in foreign currency exchange rates, the Company uses FX forward contracts to avoid foreign currency exchange rate risks. The Company also borrows short-term foreign currency loans to offset part of the foreign currency exchange rate risks arising from transaction conversion. The use of derivative financial instruments such as FX forward contracts can help the Company reduce but still cannot completely exclude the impact of foreign currency exchange rate changes.

Please refer to Note 31 for the carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies of the Company on the balance sheet date.

Sensitivity analysis

The sensitivity analysis of the foreign currency exchange rate risk is mainly calculated for foreign currency monetary items at the end of the reporting period. When the New Taiwan dollar appreciates by 5% against foreign currencies, the Company's net profit before tax in 2025 and 2024 will increase by NTD1,415 thousand and NTD1,566 thousand, respectively; when the New Taiwan dollar depreciates by 5% against the foreign currency, the impact on the Company's net profit before tax in the years 2025 and 2024 will be a negative number of the same amount.

(2) Interest rate risk

Interest rate exposure occurs because the Company borrows funds at both fixed and floating interest rates.

The carrying amounts of the financial assets and financial liabilities of the Company exposed to interest rate exposure on the balance sheet date are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Fair value interest rate risk		
-Financial assets	\$ 421,590	\$ 378,990
-Financial liabilities	40,909	44,338
Cash flow interest rate risk		
-Financial assets	64,881	68,016

Sensitivity analysis

The following sensitivity analysis is based on the interest rate exposure of derivative and non-derivative instruments on the balance sheet date. For floating rate liabilities, the analysis method assumes that all the amount of liabilities circulating on the balance sheet date is circulating during the reporting period. The rate of change used by the Company when reporting interest rates internally to the key management is an increase or decrease of one basis point (1%) in the interest rate, which also represents the management's assessment of the reasonably possible range of changes in interest rates.

If the interest rate increases/decreases by one hundred basis points (1%), with all other variables remain unchanged, the Company's net profit before tax in 2025 and 2024 will increase by NTD649 thousand and NTD680 thousand, respectively, mainly because of the interest rate change position risk arising from the bank borrowings of the Company with floating interest rates.

(3) Other price risks

The Company has an equity price exposure due to its investment in TWSE and TPEX listed equity securities and fund beneficiary certificates. The equity investments are not held for trading but mainly for earning dividend income. The Company does not actively trade these investments, and regularly evaluates the impact of market price risk in order to minimize the risk.

Sensitivity analysis

Sensitivity analysis is based on equity price risk on at the balance sheet date. If the equity price increases/decreases by 5%, the pre-tax net profit of 2025 and 2024 will increase/decrease by NTD34 thousand and NTD11 thousand respectively due to the increase/decrease in the fair value of the investments held for trading.

2. Credit risk

Credit risk refers to the potential impact of the counterparty's failure to perform its contractual obligations on the Company's financial losses. As of the balance sheet date, the maximum credit risk exposure of the Company's that may result in financial losses due to the counterparty's failure to perform its obligations is mainly from the book value of financial assets recognized in the parent company only balance sheet.

The receivables of the Company cover many customers, and most of the receivables do not have collaterals. The Company continuously evaluates the financial status of customers with accounts receivable to reduce the credit risk of accounts receivable, and reviews the recoverable amount of accounts receivable one by one on the balance sheet date to ensure appropriate impairment losses have been provided for uncollectable receivables.

3. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to meet operating needs and mitigate the impact of cash flow fluctuations. The management of the Company supervises the use of banks' financing lines and ensures compliance with the terms of the loan contract.

Bank borrowings are an important source of liquidity for the Company. As of December 31, 2025 and December 31, 2024, the Company's unused short-term bank facilities were NTD719,091 thousand and NTD715,662 thousand, respectively.

(1) Liquidity and interest rate risk table of non-derivative financial liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities is prepared based on the earliest date on which the Company may be required to repay, and the undiscounted cash flows (including principal and estimated interest) of financial liabilities. Therefore, the bank loans which the Company may be required to repay immediately are listed in the earliest period in the table below, regardless of the probability of the banks' immediate execution of the right; the maturity analysis of other non-derivative financial liabilities is prepared according to the agreed repayment dates.

December 31, 2025

	Effective interest rate (%)	Less than 1 Year	1 to 5 years	More than 5 years	Total
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Short-term notes					
payable	-	\$ 40,909	\$ -	\$ -	\$ 40,909
Notes payable	-	4,430	-	-	4,430
Accounts payable	-	31,276	-	-	31,276
Other payables	-	24,241	-	-	24,241

December 31, 2024

	Effective interest rate (%)	Less than 1 Year	1 to 5 years	More than 5 years	Total
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Short-term notes					
payable	-	\$ 44,338	\$ -	\$ -	\$ 44,338
Notes payable	-	3,170	-	-	3,170
Accounts payable	-	21,996	-	-	21,996
Other payables	-	28,269	-	-	28,269

(2) Liquidity and interest rate risk table of derivative financial liabilities

Regarding the liquidity analysis of derivative financial instruments, it is prepared on the basis of undiscounted net contractual cash inflows and outflows for derivatives delivered on a net basis; for derivatives settled in the aggregate amount, it is prepared on the basis of total undiscounted cash inflows and outflows. When the amount payable or receivable is not fixed, the disclosed amount is determined based on the expected interest rate estimated by the yield curve on the balance sheet date.

December 31, 2025

	Immediate repayment or in less than 1 month	1~3 months	3 months to 1 year	1~5 Years	More than 5 years
<u>Aggregate amount</u>					
<u>settlement</u>					
FX forward contracts					
- Inflow	\$ -	\$ 40,848	\$ -	\$ -	\$ -
- Outflow	-	(40,172)	-	-	-
	<u>\$ -</u>	<u>\$ 676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2024

	Immediate repayment or in less than 1 month	1~3 months	3 months to 1 year	1~5 Years	More than 5 years
<u>Aggregate amount</u>					
<u>settlement</u>					
FX forward contracts					
- Inflow	\$ -	\$ 44,122	\$ -	\$ -	\$ -
- Outflow	-	(43,898)	-	-	-
	<u>\$ -</u>	<u>\$ 224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

XXVIII. Related party transactions

In addition to those disclosed in other notes, the transactions between the Company and related parties are as follows:

(I) Related party name and category

Related Party Name	Relationship with the Company
Sun Yang Global Co., Ltd.	Subsidiary

(II) Sale

Line Item	Related Party Name	2025	2024
Sale	Sun Yang Global Co., Ltd.	<u>\$ 67,294</u>	<u>\$ 67,294</u>

The transaction price and payment period for the purchase and sale of the Company's related parties are comparable to those of ordinary customers.

(III) Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Name	December 31, 2025	December 31, 2024
Notes receivable - related parties	Sun Yang Global Co., Ltd.	<u>\$ 9,577</u>	<u>\$ 16,816</u>
Accounts receivable - related parties	Sun Yang Global Co., Ltd.	<u>\$ 5,407</u>	<u>\$ 6,443</u>

There is no collateral for receivables from related parties in circulation. Expected credit losses are not included in accounts receivable from related parties in 2025 and 2024.

(IV) Other related party transactions

Miscellaneous income

Related Party Name	2025	2024
Sun Yang Global Co., Ltd.	<u>\$ 15</u>	<u>\$ 30</u>

(V) Compensation of key management personnel

	2025	2024
Short-term employee benefits	\$ 8,360	\$ 9,605
Post-employment benefits	<u>408</u>	<u>328</u>
	<u>\$ 8,768</u>	<u>\$ 9,933</u>

The remuneration of directors and other key management is determined by the Remuneration Committee in accordance with individual performance and market trends.

XXIX. Pledged Assets

The following assets of the Company have been provided as collateral for bank loans:

	December 31, 2025	December 31, 2024
Property, plant, and equipment		
Land	\$ 126,840	\$ 126,840
Building	<u>27,191</u>	<u>28,198</u>
	<u>\$ 154,031</u>	<u>\$ 155,038</u>

XXX. Significant contingent liabilities and unrecognized contract commitments

The Company has the following major commitments and contingencies on the balance sheet date:

- (I) As of December 31, 2025 and December 31, 2024, the amount of customs duty guarantee issued by the Company to banks for imported goods was NTD8,000 thousand.
- (II) As of December 31, 2025 and December 31, 2024, the amount of unused letters of credit issued by the Company for imported raw materials was USD424 thousand and USD39 thousand.
- (III) The guarantee notes payable issued by the Company for bank loans are as follows:

	December 31, 2025	December 31, 2024
NTD	\$ 360,000	\$ 160,000

XXXI. Significant assets and liabilities denominated in foreign currencies

The following information is aggregated and expressed in foreign currencies other than the Company's functional currency, and the exchange rates disclosed refer to the exchange rates at which these foreign currencies are converted to the functional currency. The significant assets and liabilities denominated in foreign currencies were as follows:

<u>December 31, 2025</u>			
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Book value</u>
Foreign currency asset			
<u>Monetary item</u>			
USD	\$ 261	31.43 (USD: NTD)	\$ 8,206
RMB	978	4.496 (RMB: NTD)	4,395
			<u>\$ 12,601</u>

Foreign currency liabilities			
<u>Monetary item</u>			
USD	1,302	31.43 (USD: NTD)	<u>\$ 40,909</u>

<u>December 31, 2024</u>			
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Book value</u>
Foreign currency asset			
<u>Monetary item</u>			
USD	\$ 238	32.785 (USD: NTD)	\$ 7,800
RMB	1,163	4.478 (RMB: NTD)	5,209
			<u>\$ 13,009</u>

Foreign currency liabilities			
<u>Monetary item</u>			
USD	1,353	32.785 (USD: NTD)	<u>\$ 44,338</u>

The foreign currency exchange gains (realized and unrealized) of the Company in 2025 and 2024 were NTD1,357 thousand and NTD359 thousand, respectively. Due to the wide variety of foreign currency transactions, it is not possible to disclose the exchange gains and losses according to the major influences of the foreign currencies.

XXXII. Other Disclosures

- (I) Material transaction.
 1. Loans to others: None.
 2. Endorsements/guarantees for others: None.
 3. Significant Marketable Securities held at period end(Excluding investments in subsidiaries, affiliates, and joint ventures): None.
 4. The amount of goods purchased or sold with related parties reaches NTD100 million or 20% of the paid-in capital: None.
 5. The amount of accounts receivable from related parties reaches NTD100 million or 20% of the paid-in capital: None.
- (II) Information related to investees. (Table 1)
- (III) Mainland China investment information: None.

Yong Shun Chemical Co., Ltd.
Invested company information, location... etc.
2025

Table 1

Unit: NTD thousand; (share)

Name of the investor	Name of investee	Location	Main business activities	Original Investment Amount		Shares held as at end of the period			Net profit (loss) of the investee of current period	Investment gain/loss recognized in the current period	Remarks
				End of the current period	End of the previous year	Number of shares	Ratio (%)	Book value			
Yong Shun Chemical Co., Ltd.	Sun Yang Global Co., Ltd.	Taiwan	Subsidiary for manufacturing and sales of synthetic resins, plastics, coatings, paints and industrial additives	\$ 50,000	\$ 50,000	5,000,000	100	\$ 22,838	(\$ 23,638)	(\$ 23,638)	Subsidiaries

§Table of Significant Accounting Items§

Item	Number/Index
Statement of Assets, Liabilities and Equity	
Statement of Cash and Cash Equivalents	Statement 1
Statement of Notes Receivable	Statement 2
Statement of Accounts Receivable	Statement 3
Statement of Inventory	Statement 4
Statement of Financial Assets Measured at Amortized Cost - Current	Note 8
Statement of Changes in Investment Using the Equity Method	Statement 5
Statement of Changes in Property, Plant and Equipment	Note 13
Statement of Changes in Accumulated Depreciation of Property, Plant and Equipment	Note 13
Statement of Deferred Income Tax Assets	Note 23
Statement of Short-Term Notes Payable	Note 16
Statement of Financial Liabilities at FVTPL - Current	Note 7
Statement of Notes Payable	Statement 6
Statement of Accounts Payable	Statement 7
Statement of Other Payables	Note 18
Statement of Deferred Income Tax Liabilities	Note 23
Statements of Profit or Loss Items	
Statement of Operating Revenue	Statement 8
Statement of Operating Costs	Statement 9
Statement of Operating Expenses	Statement 10
Statement of Non-operating Income and Expenditure	Note 22
Statement of Current Employee Benefits, Depreciation, Depletion, and Amortization Expenses by Function	Statement 11

Yong Shun Chemical Co., Ltd.
Statement of Cash and Cash Equivalents
December 31, 2025

Statement 1

Unit: NTD thousands

Item	Summary	Amount
Cash on hand and working capital		\$ 80
Cash in banks		
Demand deposits		50,256
Check deposits		14,625
		64,881
Cash equivalents		
Commercial paper		312,451
		\$ 377,412

Yong Shun Chemical Co., Ltd.
Statement of Notes Receivable
December 31, 2025

Statement 2

Unit: NTD thousands

Customer's name	Summary	Amount
Non-related parties		
Company A	Payment for goods	\$ 20,182
Company C	"	3,351
Others (Note)	"	<u>14,097</u>
		37,630
Related party		
Sun Yang Global Co., Ltd.	"	<u>9,577</u>
		<u>\$ 47,207</u>

Note: The balance of each customer did not exceed 5% of the amount in this account.

Yong Shun Chemical Co., Ltd.
Statement of Accounts Receivable
December 31, 2025

Statement 3

Unit: NTD thousands

Customer's name	Summary	Amount
Non-related parties		
Company C	Payment for goods	\$ 23,868
Company D	"	20,725
Company A	"	8,825
Company E	"	5,375
Others (Note)		<u>38,621</u>
		97,414
Related party		
Sun Yang Global Co., Ltd.	"	5,407
Less: Provision for bad debts		<u>-</u>
		<u>\$ 102,821</u>

Note: The balance of each customer did not exceed 5% of the balance in this account.

Yong Shun Chemical Co., Ltd.
Statement of Inventory
December 31, 2024

Statement 4

Unit: In Thousands of New Taiwan Dollars,
Unless Stated Otherwise

Item	Amount			
	Cost	Net realizable value	Premium	Decrease in value
Raw materials	\$ 81,534	\$ 78,352	\$ -	(\$ 3,182)
Materials	9,801	4,199	-	(5,602)
Work-in-progress	1,085	1,085	-	-
Finished goods	49,519	45,608	-	(3,911)
Merchandise inventory	92	92	-	-
Goods in transit	<u>13,329</u>	<u>13,329</u>	<u>-</u>	<u>-</u>
Sub-total	155,360	142,665	-	(12,695)
Less: Allowance for loss on decline in value	(<u>12,695</u>)	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 142,665</u>	<u>\$ 142,665</u>	<u>\$ -</u>	<u>(\$ 12,695)</u>

Yong Shun Chemical Co., Ltd.
Statement of Changes in Investment Using the Equity Method
2025

Statement 5

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Name of investee	Beginning balance		Increase in current period		Decrease in current period		Investment income (loss)	Ending balance			Net value of equity (Note 2)		Basis of evaluation	Provision of collateral or pledge
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount		Number of shares	Percentage of shareholding %	Amount	Unit Price (NTD)	Total price		
Long-term equity investment under equity method														
Non-TWSE/TPEX listed company														
Sun Yang Global Co., Ltd.	5,000,000	\$ 46,266	-	\$ 420	-	\$ 210	(\$ 23,638)	5,000,000	100	\$ 22,838	NA	\$ 22,838	Equity method	None

Note 1: The increase in the current period were due to the realized gains from downstream transactions of subsidiaries for the current period of NTD420 thousand. The decrease in the current period were due to the unrealized gains of downstream transactions at the end of the period was NTD210 thousand.

Note 2: The net equity value was mainly calculated based on the financial statements of the invested companies and the Company's shareholding ratio.

Yong Shun Chemical Co., Ltd.
Statement of Notes Payable
December 31, 2025

Statement 6

Unit: NTD thousands

Customer's name	Summary	Amount
Company I	Payment for goods	\$ 832
Company J	"	626
Company K	"	601
Company L	"	515
Company M	"	404
Company N	"	349
Company O	"	308
Others (Note)	"	<u>795</u>
		<u>\$ 4,430</u>

Note: The balance of each customer did not exceed 5% of the balance in this account.

Yong Shun Chemical Co., Ltd.
Statement of Accounts Payable
December 31, 2025

Statement 7

Unit: NTD thousands

Customer's name	Summary	Amount
Non-related parties		
Company P	Payment for goods	\$ 13,329
Company Q	"	9,500
Company R	"	2,324
Company S	"	1,913
Others (Note)	"	<u>4,210</u>
		<u>\$ 31,276</u>

Note: The balance of each customer did not exceed 5% of the balance in this account.

Yong Shun Chemical Co., Ltd.
Statement of Operating Revenue
2025

Statement 8

Unit: NTD thousands

Item	Amount	Amount
Unsaturated polyester resin	2,203,595 kg	\$ 131,808
Polyester polyol resin	6,016,467 kg	428,968
Other		<u>80,225</u>
		641,001
Less: Sales returns		(453)
Sales discount		(<u>18</u>)
		<u>\$ 640,530</u>

Yong Shun Chemical Co., Ltd.
Statement of Operating Costs
2025

Statement 9

Unit: NTD thousands

Item	Amount
Direct raw materials	
Raw materials at the beginning of the year	\$ 97,795
Add: Materials purchased in the year	397,974
Raw material surplus	58
Less: Sale of raw materials	(3,407)
Raw materials in transit	(13,329)
Raw materials at the end of the year	(81,534)
Reclassified to operating expenses	(<u>5</u>)
	<u>397,552</u>
Direct supplies	
Supplies at beginning of year	7,658
Add: Materials purchased in the year	14,593
Less: Sale of supplies	(2)
Supplies at the end of the year	(<u>9,801</u>)
	<u>12,448</u>
Manufacturing cost	410,000
Direct labor	<u>25,308</u>
Manufacturing overhead	<u>103,594</u>
Add: Work-in-progress at beginning of the year	1,788
Finished goods transferred in	4,964
Work-in-progress at the end of the year	(<u>1,085</u>)
Cost of finished goods	544,569
Add: Finished goods at the beginning of the year	45,639
Less: Reclassified to operating expenses	(74)
Transferred to work-in-progress	(4,964)
Inventory scrapping loss	(1,749)
Finished goods at the end of the year	(<u>49,519</u>)
Cost of production and marketing	533,902
Add: Goods at the beginning of the year	-
Add: Goods purchased in the year	<u>1,098</u>
Less: Goods at the end of the year	(<u>92</u>)
Cost of purchase and marketing	<u>1,006</u>
Add: Cost of raw materials sold	3,407
Cost of supplies sold	2
Inventory scrapping loss	1,749
Loss for market price decline and obsolete and slow-moving inventories	589
Less: Revenue from sale of scraps and waste materials	(474)
Inventory Surplus	(<u>58</u>)
	<u>\$ 540,123</u>

Yong Shun Chemical Co., Ltd.
Statement of Operating Expenses
2025

Statement 10

Unit: In Thousands of New Taiwan Dollars, Unless
Stated Otherwise

	Selling expenses	Administrative expenses	Research and development expenses	Expected credit loss	Total
Salary	\$ 6,124	\$ 22,726	\$ 6,413	\$ -	\$ 35,263
Shipping cost	5,501	-	-	-	5,501
Export expenses	3,834	-	-	-	3,834
Expected credit loss	-	-	-	(703)	(703)
Others (Note)	11,929	12,419	2,400	-	26,748
	<u>\$ 27,388</u>	<u>\$ 35,145</u>	<u>\$ 8,813</u>	<u>(\$ 703)</u>	<u>\$ 70,643</u>

Note: The balance of each item in others did not exceed 5% of the amount in this account.

Yong Shun Chemical Co., Ltd.
Statement of employee benefits, depreciation and amortization expenses by function
2025 and 2024

Statement 11

Unit: NTD thousands

	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee welfare expenses (Note)						
Salary expense	\$ 36,349	\$ 33,119	\$ 69,468	\$ 35,802	\$ 33,159	\$ 68,961
Labor and health expenses	5,103	1,701	6,804	4,928	1,643	6,571
Pension expense	2,168	1,017	3,185	1,800	986	2,786
Remuneration to directors	-	1,127	1,127	-	843	843
Other employee benefits	<u>2,166</u>	<u>1,938</u>	<u>4,104</u>	<u>1,821</u>	<u>1,941</u>	<u>3,762</u>
	<u>\$ 45,786</u>	<u>\$ 38,902</u>	<u>\$ 84,688</u>	<u>\$ 44,351</u>	<u>\$ 38,572</u>	<u>\$ 82,923</u>
Depreciation expenses	<u>\$ 7,681</u>	<u>\$ 1,482</u>	<u>\$ 9,163</u>	<u>\$ 6,227</u>	<u>\$ 1,525</u>	<u>\$ 7,752</u>
Amortization expenses	<u>\$ -</u>	<u>\$ 336</u>	<u>\$ 336</u>	<u>\$ -</u>	<u>\$ 332</u>	<u>\$ 332</u>

Note:

1. The number of employees in the current and previous year was 96 and 94, respectively. Among them, 7 directors and 5 directors, respectively did not serve as employees.
2. The company whose stock is listed for trading on the TWSE or TPEX shall additionally disclose additional information as follows:
 - (1) The average employee benefit expenses in the year were NTD939 thousand ("Total employee benefit expenses in the year - total remuneration to directors" / "Number of employees in the year - number of directors who were not employees"). The average employee benefit expenses in the previous year were NTD922 thousand ("Total employee benefit expenses in the previous year - total remuneration to directors" / "Number of employees in the previous year - number of directors who were not employees").
 - (2) The average employee salary expenses in the year were NTD781 thousand (Total salary expenses in the year / "Number of employees in the year - number of directors who were not employees"). The average employee salary expenses in the previous year were NTD775 thousand (Total salary expenses in the previous year / "Number of employees in the previous year - number of directors who were not employees").
 - (3) The average employee salary expenses decreased by 0.77% ("Average employee salary expense in the year - average employee salary expense in the previous year" / average employee salary expense in the previous year).
 - (4) There are no supervisors in the current year and in the previous year. As the Audit Committee was established to replace the supervisors, no related remuneration exists.
 - (5) The remuneration policy of the Company:
 - I. Policy of remuneration to directors

Pursuant to Article 34 of the Company's Articles of Incorporation, where the Company makes a profit for the year, no more than 4% thereof shall be allocated as remuneration to directors. The Remuneration Committee submits its recommendations for remuneration to the board of directors for discussion and approval, after taking into consideration industry characteristics, business nature, and the Company's operating performance with reference to the peer level.

II. Policies for remuneration to the General Manager and Company Officers:

The remuneration to the Company's managers (including the General Manager) is based on multiple evaluations including industry characteristics, job duties, individual performance, and the Company's annual total remuneration plan for company officers is presented in accordance with the Company's relevant reward regulations and with reference to the Company's operating performance. The decision is made by the Remuneration Committee after deliberation.

III. Employee remuneration policy:

1. Reasonable salaries are determined according to employees' duties, education background, and years of service, and salary standards are revised each year with reference to job market conditions and manpower supply and demand, to maintain the competitiveness of the Company's remuneration.
2. Formulate salary adjustments according to the Company's operating conditions and assess employees' performance and contributions each year to retain talent.
3. Pursuant to Article 34 of the Company's Articles of Incorporation, if the Company makes a profit at the end of the year, it shall allocate no less than 1%~3% thereof as the employee remuneration amount.
4. The remuneration of employees includes fixed monthly salary, fixed bonus and variable bonus. Fixed bonuses are disbursed each year after the Mid-Autumn Festival, Dragon Boat Festival, Labor Day, and Lunar New Year holidays. The variable bonuses are closely linked to the Company's operating performance and individual performance and are disbursed in the middle of each month and before the Lunar New Year.