

NAM LIONG GLOBAL CORPORATION

Parent Company Only Financial Statements for
the Year Ended December 31, 2025 and 2024 and
Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
NAM LIONG GLOBAL CORPORATION

Opinion

We have audited the parent company only financial statements of NAM LIONG GLOBAL CORPORATION (the "Company"), which comprise the parent company only balance sheets as of December 31, 2025 and 2024, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2025 and 2024, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and relevant acts.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company only financial statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements For the Year Ended December 31, 2025. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements For the Year Ended December 31, 2025 are stated as follows:

Sales to Specific Customers

The Company's sales growth of specific customers was different from the overall sales trend and the amount was substantial in 2025. Therefore, authenticity of revenue for the sales to specific customers is identified as one of the key audit matters For the Year Ended December 31, 2025.

In connection with the above key audit matter, the following audit procedures were performed:

1. We understood, and evaluated relevant operating procedures and internal controls for sales transactions. Also, we tested the design on of the internal controls and the effectiveness of the implementation.
2. We obtained details of sales to breakdown from specific customers, and reviewed relevant documents of revenue recognition, including the original orders, delivery notes, and actual amount received to verify the authenticity of revenue recognition.
3. We obtained details of subsequent sales returns from specific customers, and verified the reasonableness of the returns.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and relevant acts, and for such internal control as management determines is necessary to enable the

preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements For the Year Ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chang, Cheng-Hsiu and Huang, Hsiu-Chun.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2026

Notice to Readers

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

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

NAM LIONG GLOBAL CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 298,094	10	\$ 242,707	8
1136	Financial assets at amortized cost – current (Notes 4, 9 and 27)	20,011	1	9,252	-
1150	Notes receivable – non-related parties (Notes 4 and 10)	27,876	1	29,678	1
1160	Notes receivable – related parties (Notes 4, 10 and 26)	9,839	-	14,584	-
1170	Accounts receivable – non-related parties (Notes 4 and 10)	188,070	6	226,238	7
1180	Accounts receivable – related parties (Notes 4, 10 and 26)	37,937	1	52,846	2
1200	Other receivable	2,326	-	2,116	-
1210	Other receivable – related parties (Note 26)	1,282	-	1,248	-
1220	Current tax assets (Notes 4 and 22)	-	-	11,610	-
130X	Inventories (Notes 4, 5 and 11)	198,444	6	209,827	6
1470	Other current assets	23,586	1	16,505	1
11XX	Total current assets	<u>807,465</u>	<u>26</u>	<u>816,611</u>	<u>25</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income – non-current (Notes 4 and 8)	280,854	9	310,804	10
1535	Financial assets at amortized cost – non-current (Notes 4, 9 and 27)	100,000	3	104,730	3
1550	Investments accounted for using equity method (Notes 4 and 12)	1,221,461	39	1,259,021	39
1600	Property, plant and equipment (Notes 4, 13 and 27)	564,942	18	543,615	17
1755	Right-of-use assets (Notes 4, 14, 27 and 28)	89,394	3	105,388	3
1760	Investment properties (Notes 4, 15 and 27)	54,345	2	55,016	2
1780	Intangible assets	3,183	-	3,864	-
1840	Deferred tax assets (Notes 4 and 22)	15,258	-	13,532	1
1900	Other non-current assets	10,562	-	11,699	-
15XX	Total non-current assets	<u>2,339,999</u>	<u>74</u>	<u>2,407,669</u>	<u>75</u>
1XXX	TOTAL	<u>\$ 3,147,464</u>	<u>100</u>	<u>\$ 3,224,280</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 16 and 27)	\$ 30,000	1	\$ 150,000	5
2120	Financial liabilities at fair value through profit or loss – current (Notes 4, 7 and 17)	100	-	1,050	-
2150	Notes payable – non-related parties	8,280	-	10,026	-
2160	Notes payable – related parties (Note 26)	267	-	548	-
2170	Accounts payable – non-related parties	135,066	4	158,891	5
2180	Accounts payable – related parties (Note 26)	13,907	-	15,144	1
2200	Other payables (Note 18)	87,857	3	106,484	3
2220	Other payables – related parties (Note 26)	464	-	418	-
2230	Current tax liabilities (Notes 4 and 22)	5,493	-	-	-
2280	Lease liabilities – current (Notes 4 and 14)	16,598	1	15,418	1
2110	Current portion of long-term borrowings (Notes 16, 17, 27 and 28)	545,923	17	205,710	6
2300	Other current liabilities	15,638	1	10,707	-
21XX	Total current liabilities	<u>859,593</u>	<u>27</u>	<u>674,396</u>	<u>21</u>
	NON-CURRENT LIABILITIES				
2530	Bonds payable (Notes 4, 17 and 27)	-	-	520,956	16
2540	Long-term borrowings s (Notes 16, 27 and 28)	464,150	15	122,107	4
2570	Deferred tax liabilities (Notes 4 and 22)	4,696	-	9,056	-
2580	Lease liabilities – non-current (Notes 4 and 14)	58,127	2	73,027	2
2600	Guarantee deposits received	480	-	480	-
25XX	Total non-current liabilities	<u>527,453</u>	<u>17</u>	<u>725,626</u>	<u>22</u>
2XXX	Total liabilities	<u>1,387,046</u>	<u>44</u>	<u>1,400,022</u>	<u>43</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 20)				
3100	Share capital	1,224,032	39	1,224,032	38
3211	Capital surplus	100,784	3	100,784	3
	Retained earnings				
3310	Legal reserve	47,417	1	33,642	1
3350	Unappropriated earnings	208,667	7	256,949	8
3300	Total retained earnings	256,084	8	290,591	9
3400	Other equity	179,518	6	208,851	7
3XXX	Total equity	<u>1,760,418</u>	<u>56</u>	<u>1,824,258</u>	<u>57</u>
	TOTAL	<u>\$ 3,147,464</u>	<u>100</u>	<u>\$ 3,224,280</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

NAM LIONG GLOBAL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Earnings per Share)

Code		2025		2024	
		Amount	%	Amount	%
4110	OPERATING REVENUE (Notes 4 and 26)	\$ 1,486,135	100	\$ 1,681,009	100
5110	OPERATING COSTS (Notes 4, 11, 21 and 26)	(1,127,019)	(76)	(1,237,062)	(74)
5900	GROSS PROFIT	359,116	24	443,947	26
5910	UNREALIZED GAINS FROM SALES (Note 4)	(946)	-	(1,178)	-
5920	REALIZED GAINS FROM SALES (Note 4)	1,178	-	1,100	-
5950	REALIZED GROSS PROFIT	359,348	24	443,869	26
	OPERATING EXPENSES (Notes 4, 10, 21 and 26)				
6100	Selling and marketing expenses	97,324	6	96,549	6
6200	General and administrative expenses	219,188	15	240,159	14
6300	Research and development expenses	31,118	2	37,901	2
6450	Expected credit gain	(441)	-	(2,833)	-
6000	Total operating expenses	347,189	23	371,776	22
6900	PROFIT FROM OPERATIONS	12,159	1	72,093	4
	NON-OPERATING INCOME AND EXPENSES				
7020	Other gains and losses (Notes 4 and 17)	702	-	1,087	-
7050	Finance costs (Notes 4 and 21)	(19,005)	(1)	(20,735)	(1)
7070	Share of profits of subsidiaries accounted for using equity method (Notes 4 and 12)	18,839	1	\$ 61,407	4
7100	Interest revenue	3,043	-	6,184	1

(Continued)

Code		2025		2024	
		Amount	%	Amount	%
7190	Other income (Notes 4, 21 and 26)	\$ 30,239	2	\$ 38,246	2
7230	Foreign exchange (losses) gains (Notes 4 and 29)	(14,318)	(1)	22,650	1
7590	Miscellaneous disbursements (Note 21)	(1,780)	-	(17,393)	(1)
7000	Total non-operating income and expenses	<u>17,720</u>	<u>1</u>	<u>91,446</u>	<u>6</u>
7900	PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	29,879	2	163,539	10
7950	INCOME TAX EXPENSE (Notes 4 and 22)	(3,184)	-	(25,788)	(2)
8200	NET PROFIT FOR THE YEAR	<u>26,695</u>	<u>2</u>	<u>137,751</u>	<u>8</u>
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 22)				
	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(29,950)	(2)	24,490	1
8310		(29,950)	(2)	24,490	1
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations	(2,001)	-	\$ 28,570	2
8381	Share of the other comprehensive gains (losses) of subsidiaries accounted for using the equity method - exchange differences on translation of the financial statements of foreign operations	1,456	-	91	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	<u>1,162</u>	-	(385)	-
8360		<u>617</u>	-	<u>28,276</u>	<u>2</u>
8300	Other comprehensive income (loss), net of income tax	(29,333)	(2)	52,766	3
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(\$ 2,638)	-	\$ 190,517	<u>11</u>

(Continued)

Code		2025		2024	
		Amount	%	Amount	%
	EARNINGS PER SHARE (Note 23)				
9710	Basic	\$ 0.22		\$ 1.13	
9810	Diluted	\$ 0.13		\$ 0.86	

(Concluded)

The accompanying notes are an integral part of the parent company only financial statements.

NAM LIONG GLOBAL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Code		Share capital (Notes 4, 17 and 20)		Capital surplus (Notes 4, 17 and 20)	Retained earnings (Notes 4 and 20)		Other equity		Total equity
		Shares (In Thousands)	Amount		Legal reserve	Unappropriated earnings	Exchange differences on translation of the financial statements of foreign operation (Notes 4 and 22)	Unrealized valuation gain/(Loss) on financial assets at fair value through other comprehensive income (Notes 4 and 8)	
A1	BALANCE ON JANUARY 1, 2024	122,392	\$ 1,223,923	\$ 100,683	\$ 32,386	\$ 151,052	(\$ 26,571)	\$ 182,656	\$ 1,664,129
	Appropriation of 2023 earnings								
B1	Legal reserve	-	-	-	1,256	(1,256)	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	(30,598)	-	-	(30,598)
		-	-	-	1,256	(31,854)	-	-	(30,598)
D1	Net profit For the Year Ended December 31, 2024	-	-	-	-	137,751	-	-	137,751
D3	Other comprehensive income (loss) in 2024, net of income tax	-	-	-	-	-	28,276	24,490	52,766
D5	Total comprehensive income (loss) in 2024	-	-	-	-	137,751	28,276	24,490	190,517
I1	Convertible bonds conversion	11	109	101	-	-	-	-	210
Z1	BALANCE ON DECEMBER 31, 2024	122,403	1,224,032	100,784	33,642	256,949	1,705	207,146	1,824,258
	Appropriation of 2024 earnings								
B1	Legal reserve	-	-	-	13,775	(13,775)	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	(61,202)	-	-	(61,202)
		-	-	-	13,775	(74,977)	-	-	(61,202)
D1	Net profit For the Year Ended December 31, 2025	-	-	-	-	26,695	-	-	26,695
D3	Other comprehensive income (loss) in 2025, net of income tax	-	-	-	-	-	617	(29,950)	(29,333)
D5	Total comprehensive income (loss) in 2025	-	-	-	-	26,695	617	(29,950)	(2,638)
Z1	BALANCE ON DECEMBER 31, 2025	122,403	\$ 1,224,032	\$ 100,784	\$ 47,417	\$ 208,667	\$ 2,322	\$ 177,196	\$ 1,760,418

The accompanying notes are an integral part of the parent company only financial statements.

NAM LIONG GLOBAL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

Code		2025	2024
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 29,879	\$ 163,539
A20010	Adjustments for:		
A20100	Depreciation expense	66,402	55,456
A20200	Amortization expense	1,060	1,418
A20300	Expected credit gain	(441)	(2,833)
A20400	Net gain loss on financial liabilities at fair value through profit or loss	(950)	(1,100)
A20900	Finance costs	19,005	20,735
A21200	Interest revenue	(3,043)	(6,184)
A21300	Dividend income	(7,092)	(14,184)
A22400	Share of profits of subsidiaries accounted for using the equity method	(18,839)	(61,407)
A22500	Loss on disposal of property, plant and equipment	248	13
A23700	Write-down (reversal of) of inventories	145	(539)
A23900	Unrealized gains from sales with subsidiary	946	1,178
A24000	Realized gains from sales with subsidiary	(1,178)	(1,100)
A24100	Unrealized foreign currency exchange losses (gains)	450	(6,832)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	6,547	(3,487)
A31150	Accounts receivable	52,985	(16,398)
A31180	Other receivable	(244)	257
A31200	Inventories	11,238	(2,966)
A31240	Other current assets	(14,907)	(6,751)
A32130	Notes payable	(2,027)	3,389
A32150	Accounts payable	(24,976)	22,601
A32180	Other payables	(18,566)	11,031
A32230	Other current liabilities	<u>4,931</u>	<u>3,307</u>
A33000	Cash generated from operations	101,573	159,143
A33100	Interest received	3,043	6,184

(Continued)

Code		2025	2024
A33300	Interest paid	(\$ 15,679)	(\$ 18,958)
AC0500	Income taxes paid	<u>8,995</u>	(<u>39,133</u>)
AAAA	Net cash generated from operating activities	<u>97,932</u>	<u>107,236</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B00040	Acquisitions of financial assets at amortized cost	(10,759)	(26)
B00050	Proceeds from disposal of financial assets at amortized cost	4,730	11,270
B01800	Acquisitions of long-term equity investments accounted for using the equity method	-	(80,718)
B02400	Return of equity proceeds from capital reduction of investee companies using the equity method	-	50,000
B02700	Acquisitions of property, plant, and equipment	(69,242)	(24,735)
B02800	Proceeds from disposal of property, plant and equipment	196	30
B03800	Increase in guarantee deposits paid	(1,276)	(1,885)
B07200	(Increase) decrease in prepayments for equipment	2,413	(5,038)
B07600	Dividends received	63,178	29,184
B04500	Acquisitions of intangible assets	(<u>379</u>)	(<u>480</u>)
BBBB	Net cash used in investing activities	(<u>11,139</u>)	(<u>22,398</u>)
CASH FLOWS FROM FINANCING ACTIVITIES			
C00200	(Decrease) increase in short-term borrowings	(120,000)	20,000
C01600	Proceeds from long-term borrowings	373,481	50,000
C01700	Repayments of long-term borrowings	(205,577)	(204,776)
C04020	Payments of lease liabilities	(18,108)	(9,414)
C04500	Cash dividends paid	(<u>61,202</u>)	(<u>30,598</u>)
CCCC	Net cash used in financing activities	(<u>31,406</u>)	(<u>174,788</u>)
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	55,387	(89,950)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>242,707</u>	<u>332,657</u>
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 298,094</u>	<u>\$ 242,707</u>

(Concluded)

The accompanying notes are an integral part of the parent company only financial statements.

NAM LIONG GLOBAL CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. COMPANY HISTORY

NAM LIONG GLOBAL CORPORATION (the "Company"), a Republic of China (R.O.C.) corporation, was incorporated in August 1989, and 100% merged with NAM LIONG ENTERPRISE CO., LTD. on December 31, 2020. The Company is the surviving company after the merger, while NAM LIONG ENTERPRISE CO., LTD. was the dissolved company. The Company engages mainly in the manufacturing and sales of rubber sponge, sponge lamination, hook and loop, flame retardant fabric, abrasion resistant fabric, TPU film, etc.

The Company's stocks have been listed on the Taipei Exchange (TPEX) since August 22, 2000.

As of December 31, 2025 and 2024, ZI LIONG ENTERPRISE CO., LTD. is the major shareholder with 72.07% equity interest in the Company.

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

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

The parent company only financial statements were approved by the Board of Directors on March 11, 2026.

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

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations

(IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
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

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	New, Amended and Revised Standards and Interpretations
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 the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027

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

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

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

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

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Company shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- 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, the following consequential amendments have been made to IAS 7 "Statement of Cash Flows":

- The Company shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.
- Interest and dividends received by the Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Company has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the other impacts of the above amended standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. 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 and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of Preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.

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); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing the parent company only financial statements, the Company adopted the equity method to account for its investments in subsidiaries. In order to align the amount of net profit for the year, other comprehensive income, and equity from the current year in the parent company only financial statements with those attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between the parent company only basis and the consolidated basis are presented under the heading of "Investments accounted for using equity method, share of profits of subsidiaries and share of other comprehensive income of subsidiaries, and related equity items" in the parent company only financial statements.

c. Classification of Current and Non-current Assets and Liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;

- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date).

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company 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.

All other assets or liabilities that are not specified above are classified as non-current.

d. Foreign Currencies

In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the prevailing exchange rates on transaction dates.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the prevailing rates on that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the prevailing rates on the date the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the year, except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the prevailing exchange rates on the transaction dates and are not retranslated.

For the purpose of presenting parent company only financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries in other countries or those that use currencies that are different from the Company) are translated into New Taiwan dollars using prevailing exchange rates at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., disposal of the Company's entire interest in a foreign operation, or disposal of a subsidiary's partial interest in a foreign operation with loss of control, of which the retained interest is a financial asset in accordance with the accounting policy of financial instruments), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the accumulated exchange differences are proportionally included in the calculation of equity transactions, but are not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, supplies, finished goods, work-in-process, semi-finished goods, and merchandise. Inventories are measured at the lower of cost or net realizable value. The comparison between costs and net realizable values is based on individual items, except for the same category of inventory. The net realizable value is the estimated selling price in the ordinary course of business minus the estimated costs to completion and the estimated cost necessary to make the sale. Inventory costs are calculated using the weighted average method.

f. Investment in subsidiaries

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

A subsidiary is an entity that is controlled by the Company.

Under the equity method, investment in subsidiaries is initially recognized at cost, and the carrying amount is increased or decreased depending on the profit or loss and other comprehensive income of subsidiaries as well as the distribution received. The Company also recognizes the changes in its share of other equity in subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of loss of a subsidiary equal or exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues to recognize its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

When the Company assesses impairment, the test shall be performed on the basis of cash generating units within the financial statements. The recoverable amount and the carrying amount of cash generating units shall be compared. If the recoverable amount of an asset subsequently increases, the Company recognizes a reversal of the impairment loss and deducts the amortized carrying amount. However, after

reversal, the carrying amount should not exceed the carrying amount that is not recognized as impairment loss. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, any retained investment of the former subsidiary is measured at fair value on that date, and the difference between the previous carrying amount of the subsidiary attributable to the retained interest and its fair value is recognized as gains or losses. Furthermore, the Company accounts for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Unrealized profits or losses from downstream transactions with subsidiaries are eliminated in the parent company only financial statements. Profits and losses from transactions with subsidiaries other than downstream are recognized in the parent company only financial statements, but only to the extent of interests in the subsidiary that are not related to the Company.

g. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost, less any recognized impairment loss. The cost includes professional service fees and borrowing costs eligible for capitalization. Such assets are measured at the lower of cost or net realizable value and recognized sales price and cost in profit or loss before ready for their intended use. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, property, plant and equipment are depreciated using the straight-line method. Each significant part is depreciated separately. The estimated useful life, residual value and depreciation method are reviewed at the end of each reporting date, with the effect of any changes in the estimates accounted for on a prospective basis.

When property, plant, and equipment are derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss.

h. Investment properties

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

Owned investment real estate is initially measured at cost including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized using the straight-line method.

For a transfer of classification from inventories to investment properties, carrying amount ended for own use.

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

i. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

j. Impairment of Property, Plant and Equipment, Right-of-use assets, Investment properties and Intangible Assets other than Goodwill

At the end of each reporting period, the Company assesses for indications of impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets other than goodwill. If any such indication exists, the recoverable amount of the asset shall be estimated. If it is not possible to determine the recoverable amount for an individual asset, the Company shall estimate the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is the fair value less costs to sell or the value in use, whichever is higher. If the recoverable amount of individual asset or cash generating unit is estimated to be less than the carrying amount, the carrying amount of the asset or cash-generating unit should be reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash generating unit shall increase to the revised recoverable amount. Still, the increased carrying amount shall not exceed the carrying amount (less any amortization or depreciation) of the asset or cash-generating unit without impairment loss recognized in the previous year. A reversal of an impairment loss is recognized in profit or loss.

k. Financial Instruments

Financial assets and financial liabilities shall be recognized in the parent company only balance sheets when the Company becomes a party to the contractual provisions of the instruments.

When financial assets and financial liabilities are initially not recognized at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement category

Financial assets held by the Company are classified as financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income.

i. Financial assets at amortized cost

When the Company's investments in financial assets meet the following two conditions simultaneously, they are classified as financial assets at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized costs (including cash and cash equivalents, notes receivable, accounts receivable, financial assets measured at amortized cost, other receivables, and refundable deposits) are measured at the gross carrying amount, as

determined using the effective interest method, less any impairment loss. Foreign exchange gain or loss arising therefrom is recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except:

- i) For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of financial assets.
- ii) For purchased or originated financial assets that are not credit-impaired but have subsequently become credit impaired, interest income is calculated by applying the effective interest rate to the amortized cost of the financial assets in subsequent reporting period.

Credit-impaired financial assets are those in which the issuer or debtor has experienced significant financial difficulties or defaults, the debtor is likely to claim bankruptcy or other financial restructuring, or there is disappearance of an active market for the financial asset due to financial difficulties.

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

ii. Investments in equity instruments at fair value through other comprehensive income

On initial recognition, the Company has an irrevocable option to designate the investment in equity instruments that are not held-for-trading and not a contingent consideration recognized by the acquirer in a business combination, to be measured at fair value through other comprehensive income.

Investments in equity instruments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of equity investments and will be transferred to retained earnings instead.

Dividends from investments in equity instruments at fair value through other comprehensive income are recognized in profit or loss when the Company's right to receive payment is confirmed, unless such dividends clearly represent the recovery of a portion of the investment cost.

b) Impairment of financial assets

On each balance sheet date, the Company assesses the impairment loss on financial assets (including accounts receivable) at amortized cost on the basis of expected credit losses.

Accounts receivable are recognized as a loss allowance based on lifetime expected credit losses. For other financial instruments, a loss allowance for the 12-month expected credit losses shall be recognized for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses shall be recognized for a financial asset if its credit risk has increased significantly since initial recognition.

The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from a possible default event associated with a financial instrument within 12 months after the balance sheet date, while the lifetime expected credit loss represents the expected credit loss arising from all possible default events over the expected life of a financial instrument.

For the purpose of internal credit risk management, the Company, without considering the collateral held, determines that the following circumstances represent default events on financial assets:

- i. There is internal or external information indicating that it is impossible for the debtor to repay the debt.
- ii. The underlying debt is considered overdue based on the Company's payment terms, unless there is reasonable and supportable information indicating that a delayed basis of default is more appropriate.

The impairment loss of all financial assets is recognized based on the decrease in the carrying amounts in a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes financial assets when the contractual rights to the cash inflow from the asset expire or when the Company transfers the financial assets and substantially all the risks and rewards of ownership to other enterprises.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss. On derecognition of investments in equity instruments at fair value through other comprehensive income in its entirety, the cumulative gain or loss is directly transferred to retained earnings and not reclassified to profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized at the amount of proceeds received, net of the direct cost of issuance.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and the carrying amounts are calculated based on

weighted average by share type and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except for the following circumstances, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are held for trading.

Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 25.

b) Derecognition of financial liabilities

When financial liabilities are derecognized, the difference between their carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) shall be recognized in profit or loss.

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This

amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus-share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus-share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

I. Revenue Recognition

After the Company identifies its performance obligations in contracts with customers, it shall allocate the transaction prices to each obligation in the contract and recognize revenue upon satisfaction of performance obligations.

Revenue from the sale of goods

Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution as well as the selling price of the goods, has the primary responsibility for the sale of goods to future customers, and bears the risk of obsolescence. Trade receivables are recognized concurrently.

m. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

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

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

Except for low-value asset leases and short-term leases that qualify for recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease term, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost, less accumulated depreciation, and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in the rate used to determine lease payments, the Company remeasure the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For lease modifications that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liabilities liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the parent company only balance sheets.

n. Borrowing Costs

Borrowing costs directly attributable to an acquisition, construction, or production of qualifying assets are added to the cost of those assets, until such time the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized as profit or loss in the period in which they are incurred.

o. Government Grants

Government grants are recognized only when they can be reasonably assured that the Company would comply with the conditions imposed by the government and that such grants could be received.

If the government grants are used to compensate for fees or losses incurred, or are given to the Company for the purpose of immediate financial support without related future costs, such grants may be recognized in profit or loss within the collection period.

p. Employee Benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the non-discounted amount of the benefits expected to be paid in exchange for employee services.

2) Retirement benefits

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

q. Taxation

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

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined under the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act of the ROC, an additional tax on unappropriated earnings is imposed in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized for all temporary differences between the carrying amount of assets and liabilities and the corresponding tax base used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to recover all or part of the assets. A previously unrecognized deferred tax asset is also reviewed on each balance sheet date to the extent that it is probable that sufficient taxable income will be available to recover all or part of the assets, with carrying amount increased.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year when the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted as of the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences of the manner in which the Company

expects to recover or settle the carrying amount of its assets and liabilities on the balance sheet date.

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management must make judgments, estimates and assumptions based on historical experience and other critical factors in related information that are not readily apparent from other sources. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact of other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key sources of assumptions and estimation uncertainty - Write-down of inventories

The net realizable value of inventory is the estimated selling price in the ordinary course of business, less the estimated costs to completion, and less the estimated costs required for the sale. The estimation of net realizable value is based on current market conditions and historical experience with sales of similar products. Changes in market conditions may have critical impacts on the estimation of the net realizable value.

6. Cash and cash equivalents

	December 31	
	2025	2024
Cash on hand and working capital	\$ 398	\$ 536
Checking accounts and demand deposits	257,018	242,171
Time deposits with original maturities of less than 3 months	<u>40,678</u>	<u>-</u>
	<u>\$298,094</u>	<u>\$242,707</u>

Interest rate ranges of demand deposit and time deposits at the balance sheet date were as follows:

	December 31	
	2025	2024
Demand deposit	0.01% ~ 0.71%	0.03% ~ 0.80%
Time deposits with original maturities of less than 3 months	1.45% ~ 3.95%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2025	2024
<u>Financial liabilities - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
- Redemption options and put options of convertible bonds (Note 17)	<u>\$ 100</u>	<u>\$ 1,050</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2025	2024
<u>Non-current</u>		
Investments in equity instruments		
Unlisted ordinary shares	<u>\$280,854</u>	<u>\$310,804</u>

As of December 31, 2025 and 2024, the Group held a 14.29% equity interest in TIONG LIONG INDUSTRIAL CO., LTD. (TLI).

The Company invested in the aforementioned ordinary shares based on its medium-term and long-term strategies for making profit through long-term investment. The management chose to designate these investments to be measured at fair value through other comprehensive income because they believed that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2025	2024
<u>Current</u>		
Restricted demand deposits	\$ 12,011	\$ 7,252
Pledged time deposits	2,000	2,000
Time deposits with original maturities of less than 3 months	<u>6,000</u>	<u>-</u>
	<u>\$ 20,011</u>	<u>\$ 9,252</u>
<u>Non-current</u>		
Restricted demand deposits	<u>\$100,000</u>	<u>\$104,730</u>

The market rates of financial assets at amortized cost at the balance sheet date were as follows:

	December 31	
	2025	2024
Restricted demand deposits	0.60% ~ 0.71%	0.60% ~ 0.71%
Pledged time deposits	0.15%	0.15%
Time deposits with original maturities of less than 3 months	1.57% ~ 1.70%	-

Please refer to Note 27 for pledged details on financial assets at amortized cost.

10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31	
	<u>2025</u>	<u>2024</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount - non-related parties	\$ 28,255	\$ 30,057
Less: Allowance for impairment loss	(<u>379</u>)	(<u>379</u>)
	<u>\$ 27,876</u>	<u>\$ 29,678</u>
Gross carrying amount - related parties	<u>\$ 9,839</u>	<u>\$ 14,584</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount - non-related parties	\$189,317	\$227,926
Less: Allowance for impairment loss	(<u>1,247</u>)	(<u>1,688</u>)
	<u>\$188,070</u>	<u>\$226,238</u>
Gross carrying amount - related parties	<u>\$ 37,937</u>	<u>\$ 52,846</u>

In order to control credit risks, the Company has investigated its customers' operating status and financial position before accepting new customers. The investigation would evaluate and ensure the credit quality and capacity of customers, whose credit limit and rating are reviewed annually. In addition, the Company reviews the recoverable amount of trade debt at the end of the reporting period to ensure that adequate allowance of impairment loss is made for accounts receivable from possible credit risks.

The Company recognizes loss allowance for accounts receivable based on lifetime expected credit losses, which would be referred to customers' default history, current financial position, and industry economics. However, the Company's experience shows that there is no significant difference in the loss patterns of different customer segments. Therefore, the Company sets expected credit losses rate based on the number of days past due.

The Company directly writes off accounts receivable when there is evidence indicating that the counterparty is experiencing severe financial difficulty and there is no realistic prospect of receivable recovery. The Company continues to engage in enforcement activities and recognizes receivable recovery in profit or loss.

The following table details the loss allowance of accounts receivable based on the Company's provision matrix:

December 31, 2025

	Not Past Due	1 to 60 Days Past Due	61 to 120 Days Past Due	Over 121 Days	Total
Gross carrying amount	\$260,484	\$ 4,597	\$ 267	\$ -	\$265,348
Loss allowance (Lifetime expected credit losses)	(847)	(556)	(223)	-	(1,626)
Amortized cost	<u>\$259,637</u>	<u>\$ 4,041</u>	<u>\$ 44</u>	<u>\$ -</u>	<u>\$263,722</u>

December 31, 2024

	Not Past Due	1 to 60 Days Past Due	61 to 120 Days Past Due	Over 121 Days	Total
Gross carrying amount	\$325,074	\$ 319	\$ -	\$ 20	\$325,413
Loss allowance (Lifetime expected credit losses)	(1,962)	(85)	-	(20)	(2,067)
Amortized cost	<u>\$323,112</u>	<u>\$ 234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$323,346</u>

Changes in loss allowances for notes receivable and accounts receivable were as follows:

	For the Year Ended December 31	
	2025	2024
Balance on January 1	\$ 2,067	\$ 4,900
Add: Reversal for impairment loss in the year	(441)	(2,833)
Balance on December 31	<u>\$ 1,626</u>	<u>\$ 2,067</u>

11. INVENTORIES

	December 31	
	2025	2024
Raw materials and supplies	\$ 63,095	\$ 75,293
Work-in-process and semi-finished goods	79,975	74,915
Finished goods	53,994	58,620
Merchandise	<u>1,380</u>	<u>999</u>
	<u>\$ 198,444</u>	<u>\$ 209,827</u>

For the Year Ended December 31, 2025 and 2024, the cost of sales related to inventories were NT\$1,127,019 thousand and NT\$1,237,062 thousand, respectively. For the Year Ended December 31, 2025 and 2024, the cost of sales included inventory write-down (reversal of) and obsolescence losses amounting to NT\$145 thousand and NT\$(539) thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2025	2024
Investment in subsidiaries	<u>\$ 1,221,461</u>	<u>\$ 1,259,021</u>

Investment in subsidiaries

	December 31			
	2025		2024	
	Amount	The proportion of the ownership	Amount	The proportion of the ownership
Unlisted companies				
GREENCHEM INTERNATIONAL CO., LTD. (GREENCHEM)	\$ 311,757	100	\$ 312,586	100
ELEMENTECH INTERNATIONAL CO., LTD. (ELEMENTECH)	43,600	100	63,343	100
ELEMENTECH (HONG KONG) LIMITED (ELEMENTECH HONG KONG)	47,070	100	48,383	100
NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP. (CAYMAN NAM LIONG)	153,036	100	152,506	100
SPEEDBEST INTERNATIONAL LIMITED (SPEEDBEST INTERNATIONAL)	615,928	100	626,848	100
NAM LIONG ENTERPRISE CO., LTD (VIET NAM). (VIETNAM NAM LIONG)	<u>50,070</u>	100	<u>55,355</u>	100
	<u>\$ 1,221,461</u>		<u>\$ 1,259,021</u>	

On November 7, 2024, the ELEMENTECH's Board resolved to offset accumulated losses of NT\$42,307 thousand through a capital reduction and simultaneously execute a capital reduction refund of NT\$50,000 thousand, resulting in a total capital reduction of NT\$92,307 thousand. The capital reduction base date was set as November 15, 2024. In addition, in January 2024, ELEMENTECH increased capital in its wholly owned subsidiary, ELEMENTECH HONG KONG, by USD 750 thousand.

As of December 31, 2025, the Company remitted USD 1,890 thousand from CAYMAN NAM LIONG and USD 761 thousand from SPEEDBEST INTERNATIONAL as indirect investments in DONG GUAN NAMLIONG for 70% and 30% equity holding in DONG GUAN NAMLIONG, respectively, totaling 100%. In addition, the Company remitted USD 8,583 thousand from SPEEDBEST INTERNATIONAL for 100% equity holding in JIAXING NANXIONG.

In April 2024, the Company increased its capital in VIETNAM NAM LIONG by USD 1,500 thousand.

On August 8, 2024, the Company's Board of Directors resolved to acquire 100% equity interest in ELEMENTECH HONG KONG from its subsidiary, ELEMENTECH, for a total consideration of NT\$1,476 thousand. The transaction reference date was set as September 30, 2024. In addition, in December 2024, the Company increased capital in ELEMENTECH HONG KONG by USD 1,000 thousand.

ELEMENTECH HONG KONG, in turn, increased capital in its wholly owned subsidiary, SUZHOU GREATSUN, by USD 750 thousand in January 2024 and by USD 1,000 thousand in November 2024.

13. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2025				
	Balance on January 1	Additions	Reductions	Reclassifica -tions	Balance on December 31
<u>Cost</u>					
Land	\$ 145,865	\$ -	\$ -	\$ -	\$ 145,865
Buildings	382,694	696	-	-	383,390
Machinery equipment	536,641	31,239	(4,879)	-	563,001
Transportation equipment	32,729	3,502	(697)	-	35,534
Miscellaneous equipment	177,361	10,448	(98)	514	188,225
Leasehold improvements	1,094	3,931	-	-	5,025
Construction in progress and equipment under installation	5,914	19,426	-	(514)	24,826
	<u>1,282,298</u>	<u>\$ 69,242</u>	<u>(\$ 5,674)</u>	<u>\$ -</u>	<u>1,345,866</u>
<u>Accumulated depreciation and impairment</u>					
Buildings	164,659	\$ 13,584	\$ -	\$ -	178,243
Machinery equipment	452,118	18,634	(4,435)	-	466,317
Transportation equipment	26,783	2,288	(697)	-	28,374
Miscellaneous equipment	95,025	12,361	(98)	-	107,288
Leasehold improvements	98	604	-	-	702
	<u>738,683</u>	<u>\$ 47,471</u>	<u>(\$ 5,230)</u>	<u>\$ -</u>	<u>780,924</u>
Net	<u>\$ 543,615</u>				<u>\$ 564,942</u>
	For the Year Ended December 31, 2024				
	Balance on January 1	Additions	Reductions	Reclassifica -tions	Balance on December 31
<u>Cost</u>					
Land	\$ 145,865	\$ -	\$ -	\$ -	\$ 145,865
Buildings	382,296	398	-	-	382,694
Machinery equipment	526,598	11,847	(1,804)	-	536,641
Transportation equipment	31,994	735	-	-	32,729
Miscellaneous equipment	172,148	4,747	-	466	177,361
Leasehold improvements	-	1,094	-	-	1,094
Construction in progress and equipment under installation	-	5,914	-	-	5,914
	<u>1,258,901</u>	<u>\$ 24,735</u>	<u>(\$ 1,804)</u>	<u>\$ 466</u>	<u>1,282,298</u>
<u>Accumulated depreciation and impairment</u>					
Buildings	150,874	\$ 13,785	\$ -	\$ -	164,659
Machinery equipment	436,591	17,288	(1,761)	-	452,118
Transportation equipment	24,641	2,142	-	-	26,783
Miscellaneous equipment	83,457	11,568	-	-	95,025
Leasehold improvements	-	98	-	-	98
	<u>695,563</u>	<u>\$ 44,881</u>	<u>(\$ 1,761)</u>	<u>\$ -</u>	<u>738,683</u>
Net	<u>\$ 563,338</u>				<u>\$ 543,615</u>

The Company did not implement an impairment evaluation because there were no signs of impairment in 2025 and 2024.

The Company's property, plant and equipment were depreciated on a straight-line basis over their estimated useful life, as shown below:

Buildings	
Main buildings	45~50 years
Plant maintenance and improvements	25~40 years
Others	3~20 years
Machinery equipment	2~20 years
Transportation equipment	2~10 years
Miscellaneous equipment	1~20 years
Leasehold improvements	2~10 years

Please refer to Note 27 for details on property, plant and equipment pledged as collateral for bank borrowings.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2025	2024
Carrying amount of right-of-use assets		
Land	\$ 36,657	\$ 40,442
Buildings	50,376	64,435
Transportation equipment	<u>2,361</u>	<u>511</u>
	<u>\$ 89,394</u>	<u>\$ 105,388</u>
	For the Year Ended December 31	
	2025	2024
Additions to right-of-use assets	<u>\$ 2,853</u>	<u>\$ 71,899</u>
Depreciation of right-of-use assets		
Land	\$ 3,252	\$ 3,276
Buildings	14,059	5,858
Transportation equipment	<u>949</u>	<u>770</u>
	<u>\$ 18,260</u>	<u>\$ 9,904</u>

b. Lease liabilities

	December 31	
	2025	2024
Carrying amount of lease liabilities		
Current	<u>\$ 16,598</u>	<u>\$ 15,418</u>
Non-current	<u>\$ 58,127</u>	<u>\$ 73,027</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2025	2024
Land	2.36%~2.60%	2.19%~2.32%
Buildings	2.67%	2.67%
Transportation equipment	2.36%~2.67%	2.32%~2.67%

c. Material lease activities and terms

The Company leases certain land, buildings and transportation equipment for manufacturing and operations with lease terms of 2 to 50 years.

d. Other lease information

	For the Year Ended December 31	
	2025	2024
Expenses related to short-term leases	<u>\$ 4,878</u>	<u>\$ 6,773</u>
Expenses related to low-value asset leases	<u>\$ 312</u>	<u>\$ 248</u>
Expenses related to variable lease payments not included in the measurement of lease liabilities	<u>\$ 13</u>	<u>\$ 34</u>
Total cash outflow for leases	<u>\$ 23,311</u>	<u>\$ 16,469</u>

The Company leases certain buildings, transportation equipment as well as parking spaces which qualify as short-term leases and certain office equipment which qualify as low-value asset leases. The Company does not recognize related right-of-use assets and lease liabilities for such leases.

Please refer to Note 27 and 28 for details on right-of-use assets pledged as collateral for bank borrowings.

15. INVESTMENT PROPERTIES

	For the Year Ended December 31, 2025			
	Balance on January 1	Additions	Reductions	Balance on December 31
<u>Cost</u>				
Land	\$ 43,064	\$ -	\$ -	\$ 43,064
Buildings	<u>27,179</u>	<u>-</u>	<u>-</u>	<u>27,179</u>
	<u>70,243</u>	<u>\$ -</u>	<u>\$ -</u>	<u>70,243</u>
<u>Accumulated depreciation</u>				
Buildings	<u>15,227</u>	<u>\$ 671</u>	<u>\$ -</u>	<u>15,898</u>
	<u>15,227</u>	<u>\$ 671</u>	<u>\$ -</u>	<u>15,898</u>
Net	<u>\$ 55,016</u>			<u>\$ 54,345</u>

	For the Year Ended December 31, 2024			
	Balance on January 1	Additions	Reductions	Balance on December 31
<u>Cost</u>				
Land	\$ 43,064	\$ -	\$ -	\$ 43,064
Buildings	<u>27,179</u>	<u>-</u>	<u>-</u>	<u>27,179</u>
	<u>70,243</u>	<u>\$ -</u>	<u>\$ -</u>	<u>70,243</u>
<u>Accumulated depreciation</u>				
Buildings	<u>14,556</u>	<u>\$ 671</u>	<u>\$ -</u>	<u>15,227</u>
	<u>14,556</u>	<u>\$ 671</u>	<u>\$ -</u>	<u>15,227</u>
Net	<u>\$ 55,687</u>			<u>\$ 55,016</u>

The lease period for investment real estate is 3 years. The lessee does not have the preferential right to purchase investment real estate at the end of the lease period

Except for the aforementioned depreciation expenses, no significant additions, disposals and impairment loss of the investment properties were recorded in 2025 and 2024.

The investment properties were depreciated on a straight-line basis over their estimated useful life, as shown below:

Buildings	25~50 years
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The determination of fair value for the investment properties as of December 31, 2025 and 2024 was NT\$157,215 thousand and NT\$141,535 thousand. The fair value of investment properties is reference to market evidence of transaction prices for similar properties.

Please refer to Note 27 for details on investment properties pledged as collateral for bank borrowings.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31	
	2025	2024
Year 1	\$ -	\$ 2,880

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2025	2024
<u>Secured borrowings</u>		
Bank loans	<u>\$ 30,000</u>	<u>\$ 150,000</u>

The market rates of the short-term borrowings at the balance sheet date were as follows:

	December 31	
	2025	2024
Bank loans	1.36%	3.45% ~ 3.46%

Short-term borrowings are pledged with bank deposits and time deposits, and joint and several guarantees are signed by the chairman of each company and ZI LIONG

ENTERPRISE CO., LTD. Prior to May 2025, the Chief Strategy Officer of the Company also acted as a joint guarantor. Please refer to Note 27.

b. Long-term borrowings

	December 31	
	2025	2024
<u>Secured borrowings</u>		
Land Bank of Taiwan		
Terms: from June 2021 to June 2036	\$ 57,679	\$ 63,172
Terms: from May 2022 to December 2032	30,605	34,927
Bank of Kaohsiung Co., Ltd.		
Terms: from April 2023 to April 2026	5,555	22,222
Bank of Panhsin		
Terms: from August 2024 to August 2027	28,400	44,600
<u>Syndicated bank loans</u>		
Syndicated credit facility agreements on Tranche A with Land Bank of Taiwan and 8 other banks		
Terms: from November 2020 to November 2025	-	162,896
Syndicated credit facility agreements on Tranche A with Land Bank of Taiwan and 7 other banks		
Terms: from May 2025 to May 2030	<u>373,481</u>	<u>-</u>
	495,720	327,817
Long-term borrowings, current portion	(<u>31,570</u>)	(<u>205,710</u>)
	<u>\$ 464,150</u>	<u>\$ 122,107</u>
Interest Rate	2.47% ~ 3.10%	2.47% ~ 3.43%

- 1) Joint and several guarantees of long-term borrowings from Bank of Panhsin, Land Bank of Taiwan and Bank of Kaohsiung Co., Ltd. are signed by the chairman of the Company.
- 2) In September 2020, the Company entered into syndicated credit facility agreements, which are jointly guaranteed by the chairman as well as chief strategy officer of the Company and ZI LIONG ENTERPRISE CO., LTD., and guaranteed with assets held by the Company and the Company's chairman. Due to other financial considerations, the Company canceled NT\$50,000 thousand of credit facility of Tranche C in August 2022 while the original syndicated credit facility was NT\$900,000 thousand, and has utilized the credit facility in November 2020. The Company repaid the syndicated loan in May 2025.
- 3) The Company entered into a syndicated loan agreement with banks in April 2025. The loan is jointly guaranteed by the chairman of the Company and ZI LIONG ENTERPRISE CO., LTD., and is secured by assets held by the Company and i the chairman of the Company. The total syndicated loan facility amounts to NT\$900,000 thousand. In May 2025, the Company drew down NT\$373,481 thousand under Facility A of the syndicated loan.

Please refer to Note 27 and 28 for pledged details on long-term borrowings.

17. BONDS PAYABLE

	December 31	
	2025	2024
Secured domestic convertible bonds	\$499,800	\$499,800
Add: Premium on bonds payable	<u>14,553</u>	<u>21,156</u>
	514,353	520,956
Add: Premium on bonds payable	(<u>514,353</u>)	<u>-</u>
	<u>\$ -</u>	<u>\$520,956</u>

The Company issued 5 thousand units of secured convertible corporate bonds in Taiwan on March 21, 2023 at an interest rate of 0% in New Taiwan dollars with a principal amount of NT\$500,000 thousand.

Holders of each corporate bond unit shall be entitled to convert into ordinary shares of the Company at NT\$18.8 per share. The conversion period is June 22, 2023 to March 21, 2028. If the corporate bonds are not converted by then, the circulating corporate bonds will be called in cash at face value within ten business days (including the tenth business day) after the maturity. However, after the issuance of the convertible bonds, in addition to the exchange of various securities issued by the company or private placement with ordinary stock conversion rights or stock options for ordinary shares or the issuance of new shares for employee remuneration, in the event that the company has issued. When the number of ordinary shares increases(Including but not limited to cash capital increase through issuance or private placement, conversion of surplus to capital increase, transfer of capital reserve to capital increase, company merger or transfer of shares of other companies to issue new shares, stock split and cash capital increase to participate in the issuance of overseas depositary receipts, etc.), re-issuance or private placement of various securities with ordinary stock conversion rights or stock options at a conversion or subscription price lower than the current price per share, or the company's capital reduction other than the cancellation of treasury shares When the number of ordinary shares is reduced, the conversion price shall be adjusted in accordance with the "Issuance and Conversion Regulations for the First Secured Convertible bonds Issued by the Company (hereinafter referred to as the "Issuance and Conversion Regulations") Article 11. As of December 31, 2025, the conversion price of the bond has been adjusted to NT\$17.4.

From the day following the completion of the 3-month period after the issuance of these convertible bonds until 40 days before the end of the issuance period, if the closing price of the company's ordinary shares exceeds the conversion price of the convertible bonds by 30% or more for 30 consecutive business days, or if the total amount of outstanding convertible bonds not yet converted is less than 10% of the total issuance amount, the company may, at its discretion, redeem all outstanding convertible bonds at face value in cash.

The expiration date of 3 years after the issuance of the convertible bonds shall be the base date for the early sale of the converted bonds by the corporate bond holders. The corporate bond holders may notify the company in writing in accordance with the provisions of the issuance and conversion regulations. The company sells the bonds back to the company with the face value of the bonds plus interest compensation. The put date is March 21, 2026.

The convertible corporate bonds consist of liabilities and equity components, which are expressed as capital surplus – stock options under equity. The effective interest rate originally recognized for the liability component is 1.275%.

Proceeds from issuance (less transaction costs of NT\$5,000 thousand)	\$ 576,142
Proceeds from issuance (less transaction costs of NT\$374 thousand)	(43,062)
Redemption and put options	(<u>150</u>)
Liability component at the date of issue (less transaction costs allocated to the liability component of NT\$4,626 thousand)	<u>\$ 532,930</u>

Movements in the debt host contract in 2025 are as follows:

Liability component at January 1, 2025	\$ 520,956
Interest charged at an effective interest rate of 1.275%	(<u>6,603</u>)
Liability component at December 31, 2025	<u>\$ 514,353</u>

Movements in the debt host contract in 2024 are as follows:

Liability component at January 1, 2024	\$ 527,856
Interest charged at an effective interest rate of 1.275%	(6,690)
Bonds payable convert into ordinary shares	(<u>210</u>)
Liability component at December 31, 2024	<u>\$ 520,956</u>

The changes in redemption and put options derivatives in 2025 are as follows:

Balance on January 1, 2025	(\$ 1,050)
Changes in fair value	<u>950</u>
Balance on December 31, 2025	(<u>\$ 100</u>)

The changes in redemption and put options derivatives in 2024 are as follows:

Balance on January 1, 2024	(\$ 2,150)
Changes in fair value	<u>1,100</u>
Balance on December 31, 2024	(<u>\$ 1,050</u>)

The changes in the conversion rights under capital surplus, as a component of equity, as of December 31, 2025 and 2024, are as follows:

Balance on December 31, 2025	<u>\$ 43,045</u>
Balance on January 1, 2024	\$ 43,062
Bonds payable convert into ordinary shares	(<u>17</u>)
Balance on December 31, 2024	<u>\$ 43,045</u>

As of December 31, 2025, holders of convertible bonds had exercised conversion rights in the amount of NT\$200 thousand in principal, resulting in the issuance of 11 thousand ordinary shares of the Company and the recognition of NT\$118 thousand in capital surplus. The remaining outstanding principal of the convertible bonds amounted to NT\$499,800 thousand.

Please refer to Note 27 for pledged details on bonds payable as collateral for bank borrowings.

18. OTHER PAYABLES

	December 31	
	<u>2025</u>	<u>2024</u>
Other payables - non-related parties		
Wages and salaries payable	\$ 26,152	\$ 25,687
Year-end bonus payable	23,370	45,645
Employee bonus payable	937	1,670
Others	<u>37,398</u>	<u>33,482</u>
	<u>\$ 87,857</u>	<u>\$106,484</u>

19. RETIREMENT BENEFIT PLANS

The Company adopted a pension plan under the Labor Pension Act (the LPA), which is a state-managed defined contribution plan. Based on the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

20. EQUITY

a. Share capital

	December 31	
	2025	2024
Authorized shares (in thousands)	<u>200,000</u>	<u>200,000</u>
Authorized capital	<u>\$2,000,000</u>	<u>\$2,000,000</u>
Issued and paid shares (in thousands)	<u>122,403</u>	<u>122,403</u>
Issued capital	<u>\$1,224,032</u>	<u>\$1,224,032</u>

A holder of issued ordinary shares with a par value of NT\$10 is entitled to vote and receive dividends.

As of December 31, 2025, holders of the Company's secured convertible bonds had requested the conversion of 11 thousand ordinary shares.

b. Capital surplus

	December 31	
	2025	2024
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Additional paid-in capital	\$ 32,321	\$ 32,321
Conversion premium	118	118
<u>May be used to offset a deficit only</u>		
Changes in percentage of ownership interests in subsidiaries (2)	25,300	25,300
<u>Not to be used for any purpose</u>		
Stock options	<u>43,045</u>	<u>43,045</u>
	<u>\$100,784</u>	<u>\$100,784</u>

1) Such capital surplus may be used to offset a deficit. If the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, but only to a certain percentage of the Company's capital surplus and once a year.

2) Such capital surplus arises from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy set forth in the Articles of Incorporation, if the Company makes a profit in a fiscal year, the profit shall first be used to pay taxes, offset losses in previous years, allocate 10% of the remaining profit as legal reserve, and set aside or reverse a special reserve in accordance with the law and regulations. Moreover, the Company's board of directors shall use any remaining profit together with undistributed retained earnings as a basis for proposing a distribution plan (i.e., distribution of dividends and bonuses to shareholders), which shall be resolved at the shareholders' meeting. For policies provided in the Articles of Incorporation with regard to the distribution of employee compensation and remuneration of directors and supervisors, please refer to the employee compensation and remuneration of directors and supervisors in Note 21 (f).

The dividend distribution policy should reflect factors such as current and future investment environment, fund requirements, domestic and international competition, capital expenditure requirements, and sound financial planning of the Company for sustainable development. The total stock dividends to be distributed shall be no less than 10% of the distributable surplus, less the retained earnings subject to annual overall operational performance. Dividends shall be distributed in the form of cash as the first priority, and shall be no less than 10% of the total amount of dividends to be distributed. The remaining dividends shall be distributed in the form of stocks. However, if cash dividends are lower than NT\$0.1 per share, stock dividends will not be issued.

The appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. 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 appropriate a special reserve from the balance of retained earnings in the prior period against the full amount of "the cumulative net increases in fair value

of investment properties in the prior period" and "the cumulative net decrease of other equity in the prior period". If the amount of retained earnings in the prior period is not enough for such appropriation, the Company should further compensate for the gap using the net profit after tax and the balances of other equity items in the current period.

The appropriation of earnings for 2024 and 2023, which were approved in the shareholders' meetings on June 26, 2025 and June 25, 2024, respectively, were as follows:

	For the Year Ended December 31	
	2024	2023
Legal reserve	<u>\$ 13,775</u>	<u>\$ 1,256</u>
Cash dividends	<u>\$ 61,202</u>	<u>\$ 30,598</u>
Cash dividends per share (NT\$)	\$ 0.50	\$ 0.25

The appropriation of earnings for 2025, which were proposed by the Company's board of directors on March 11, 2026, were as follows:

	For the Year Ended December 31, 2025
Legal reserve	<u>\$ 2,669</u>
Cash dividends	<u>\$ 30,601</u>
Cash dividends per share (NT\$)	\$ 0.25

The appropriations of earnings for 2025 will be resolved by the shareholders in their meeting to be held on June, 2026.

21. NET PROFIT FROM CONTINUING OPERATIONS

a. Other income

	For the Year Ended December 31	
	2025	2024
Rental revenue	\$ 8,573	\$ 7,652
Dividend income	7,092	14,184
Service revenue	3,627	6,957
Commission income	3,680	3,905
Energy sales revenue	1,421	1,816
Others	<u>5,846</u>	<u>3,732</u>
	<u>\$ 30,239</u>	<u>\$ 38,246</u>

b. Miscellaneous disbursements

	For the Year Ended December 31	
	2025	2024
Compensation for Losses	\$ -	\$ 16,450
Others	<u>1,780</u>	<u>943</u>
	<u>\$ 1,780</u>	<u>\$ 17,393</u>

The Company paid USD500 thousand in compensation for losses in 2024 due to product defects.

c. Finance costs

	For the Year Ended December 31	
	2025	2024
Interest on bank loans	\$ 15,663	\$ 11,949
Interest on lease liabilities	2,122	1,346
Other financial costs	<u>1,220</u>	<u>7,440</u>
	<u>\$ 19,005</u>	<u>\$ 20,735</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2025	2024
Property, plant and equipment	\$ 47,471	\$ 44,881
Right-of-use assets	18,260	9,904
Investment properties	671	671
Intangible assets	<u>1,060</u>	<u>1,418</u>
Total	<u>\$ 67,462</u>	<u>\$ 56,874</u>

Analysis of depreciation by function

Operating costs	\$ 22,935	\$ 17,868
Operating expenses	<u>43,467</u>	<u>37,588</u>
	<u>\$ 66,402</u>	<u>\$ 55,456</u>

Analysis of amortization by function

Operating costs	\$ 175	\$ 176
Operating expenses	<u>885</u>	<u>1,242</u>
	<u>\$ 1,060</u>	<u>\$ 1,418</u>

e. Employee benefit expenses

	For the Year Ended December 31	
	<u>2025</u>	<u>2024</u>
Post-employment benefits		
Employee benefit expenses	<u>\$ 14,639</u>	<u>\$ 14,529</u>
Other employee benefit		
Salaries	339,836	379,937
Other personnel expenses	<u>37,599</u>	<u>37,184</u>
	<u>377,435</u>	<u>417,121</u>
Total	<u><u>\$ 392,074</u></u>	<u><u>\$ 431,650</u></u>
Analysis of employee benefits expense by function		
Operating costs	\$ 204,426	\$ 210,579
Operating expenses	<u>187,648</u>	<u>221,071</u>
	<u><u>\$ 392,074</u></u>	<u><u>\$ 431,650</u></u>

f. Compensation of employees and remuneration of directors

On June 25, 2024, the Company's shareholders resolved to amend the Articles of Incorporation to allocate 1% to 2% of the pre-tax profit of the current year, before deduction of employee and director compensation, as employee compensation, and no more than 2% as compensation to directors. Prior to the amendment, the Company allocated compensation of employees and remuneration of directors ranging from 2% to 20% and no higher than 2%, respectively, of net profit before tax for each category (i.e., employees and directors).

The shareholders approved amendments to the Articles of Incorporation on June 26, 2025, stipulating that employees' remuneration shall be no less than 3% and directors' remuneration shall be no more than 2% of the profit before tax, prior to such appropriations. Furthermore, in accordance with the amendments to the Securities and Exchange Act in August 2024, at least 40% of the employees' remuneration shall be distributed to grassroots employees.

For the Year Ended December 31, 2025 and 2024, the estimated compensation of employees and remuneration of directors resolved by the Company's board of directors on March 11, 2026 and March 12, 2025, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2025	2024
Compensation of employees	3.00%	1.00%
Remuneration of directors	1.25%	0.81%

Amount

	For the Year Ended December 31	
	2025	2024
	Cash	Cash
Compensation of employees	\$ 937	\$ 1,670
Remuneration of directors	390	1,350

If there is a change in the amounts after the annual parent company only financial statements have been authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts paid for compensation of employees and remuneration of directors and the amounts recognized in the parent company only financial statements For the Year Ended December 31, 2024 and 2023.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. INCOME TAXES RELATED TO CONTINUING OPERATIONS

- a. Income tax expense recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2025	2024
Current tax		
In respect of the current year	\$ 10,219	\$ 8,452
Income tax on unappropriated earnings	710	-
Adjustments for prior year	(2,821)	2,925
	<u>8,108</u>	<u>11,377</u>
Deferred tax		
In respect of the current year	(4,924)	14,411
Income tax expense recognized in profit or loss	<u>\$ 3,184</u>	<u>\$ 25,788</u>

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

	For the Year Ended December 31	
	2025	2024
Profit before tax from continuing operations	<u>\$ 29,879</u>	<u>\$ 163,539</u>
Income tax expense calculated at the statutory rate	\$ 5,975	\$ 32,708
Nondeductible items in determining taxable income	(725)	(2,717)
Tax-exempt income	-	(8,461)
Non-deductible expenses in determining taxable income	45	1,333
Income tax on unappropriated earnings	710	-
Adjustments for prior year	(2,821)	2,925
Income tax expense recognized in profit or loss	<u>\$ 3,184</u>	<u>\$ 25,788</u>

b. Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2025	2024
<u>Deferred tax</u>		
In respect of the current year		
- Translation of foreign operations	(<u>\$ 1,162</u>)	<u>\$ 385</u>

c. Current tax assets and liabilities

	December 31	
	2025	2024
Current tax assets		
Tax refund receivables	\$ <u> -</u>	\$ <u>11,610</u>
Current tax liabilities		
Income tax payable	\$ <u>5,493</u>	\$ <u> -</u>

d. Deferred tax assets and liabilities

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

For the Year Ended December 31, 2025

	Balance on January 1	Recognized in Profit or Loss	Recognized in Other Compreh- ensive Income	Balance on December 31
<u>Deferred tax assets</u>				
Temporary differences				
Payables for annual leave	\$ 415	\$ 126	\$ -	\$ 541
Inventory write-down	4,693	361	-	5,054
Unrealized gross profit	235	(47)	-	188
Unrealized exchange losses	-	257	-	257
Losses on investments accounted for using the equity method	8,189	225	-	8,414
Exchange differences on translation of foreign operations	<u> -</u>	<u> -</u>	<u>804</u>	<u>804</u>
	<u>\$ 13,532</u>	<u>\$ 922</u>	<u>\$ 804</u>	<u>\$ 15,258</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized exchange gains	(\$ 653)	\$ 653	\$ -	\$ -
Exchange differences on translation of foreign operations	(28)	-	358	330
Profits on investments accounted for using the equity method	(8,360)	3,334	-	(5,026)
Others	<u>(15)</u>	<u>15</u>	<u>-</u>	<u>-</u>
	<u>(\$ 9,056)</u>	<u>\$ 4,002</u>	<u>\$ 358</u>	<u>(\$ 4,696)</u>

For the Year Ended December 31, 2024

	Balance on January 1	Recognized in Profit or Loss	Recognized in Other Compreh- ensive Income	Balance on December 31
<u>Deferred tax assets</u>				
Temporary differences				
Payables for annual leave	\$ 628	(\$ 213)	\$ -	\$ 415
Inventory write-down	6,256	(1,563)	-	4,693
Unrealized gross profit	220	15	-	235
Unrealized exchange losses	2,049	(2,049)	-	-
Losses on investments accounted for using the equity method	9,393	(1,204)	-	8,189
Allowance for impairment loss	369	(369)	-	-
Exchange differences on translation of foreign operations	357	-	(357)	-
	<u>\$ 19,272</u>	<u>(\$ 5,383)</u>	<u>(\$ 357)</u>	<u>\$ 13,532</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized exchange gains	\$ -	(\$ 653)	\$ -	(\$ 653)
Exchange differences on translation of foreign operations	-	-	(28)	(28)
Profits on investments accounted for using the equity method	-	(8,360)	-	(8,360)
Others	-	(15)	-	(15)
	<u>\$ -</u>	<u>(\$ 9,028)</u>	<u>(\$ 28)</u>	<u>(\$ 9,056)</u>

e. Income tax examination

Tax authorities have examined income tax returns of the Company until 2023.

23. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	For the Year Ended December 31	
	2025	2024
Basic earnings per share	<u>\$ 0.22</u>	<u>\$ 1.13</u>
Diluted earnings per share	<u>\$ 0.13</u>	<u>\$ 0.86</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2025	2024
Profit for the year attributable to owners of the Company	\$ 26,695	\$ 137,751
Effect of potentially dilutive ordinary shares:		
Amortization of premium on convertible bonds	(6,603)	(6,690)
Net loss on financial assets / liabilities at fair value through profit or loss	(950)	(1,100)
Earnings used in the computation of diluted earnings per share	<u>\$ 19,142</u>	<u>\$ 129,961</u>

Shares

	Unit: In thousands per shares	
	For the Year Ended December 31	
	2025	2024
Weighted average number of ordinary shares used in the computation of basic earnings per share	122,403	122,403
Effect of potentially dilutive ordinary shares:		
Convertible bonds	28,724	27,767
Compensation of employees	<u>82</u>	<u>98</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>151,209</u>	<u>150,268</u>

Since offering to settle the compensation for employees in cash or shares, the Company assumed that the entire amount was settled in the form of shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, given that the effect was dilutive.

Such dilutive effect of potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved the following year.

24. CAPITAL MANAGEMENT

The Company manages its capital to ensure its long-term sustainability while maximizing returns for shareholders. It must maintain its capital to support expansion requirements as well as plant and equipment improvements. Therefore, the Group manages its capital to ensure that entities in the Group will be able to meet operating funds, capital expenditures, research and development expenses, debt repayment, distribution of dividend, etc. for the next 12 months.

25. FINANCIAL INSTRUMENTS

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

December 31, 2025

	Carrying Amount	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
- Convertible bonds	<u>\$514,353</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$538,698</u>	<u>\$538,698</u>

December 31, 2024

	Carrying Amount	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
- Convertible bonds	<u>\$520,956</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$532,829</u>	<u>\$532,829</u>

In addition to the above, the financial assets and financial liabilities held by the Company are measured at amortized cost, and the management of the Company

believes that the carrying amounts of financial assets and financial liabilities are close to their fair value.

b. Fair value of 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>
<u>Financial assets at fair value</u> <u>through other comprehensive</u> <u>income</u>				
Unlisted ordinary shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 280,854</u>	<u>\$ 280,854</u>
<u>Financial liabilities at fair value</u> <u>through other comprehensive</u> <u>income</u>				
Derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value</u> <u>through other comprehensive</u> <u>income</u>				
Unlisted ordinary shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 310,804</u>	<u>\$ 310,804</u>
<u>Financial liabilities at fair value</u> <u>through other comprehensive</u> <u>income</u>				
Derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,050</u>	<u>\$ 1,050</u>

There were no transfers between Levels 1 and 2 in 2025 and 2024.

2) Reconciliation of Level 3 fair value measurement of financial instruments

Financial assets at fair value through other comprehensive income - equity instrument

	For the Year Ended December 31	
	2025	2024
Balance on January 1	\$310,804	\$286,314
Recognized in other comprehensive income (Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income)	29,950	24,490
Balance on December 31	<u>\$280,854</u>	<u>\$310,804</u>

Fair value through profit or loss-Derivative

	For the Year Ended December 31	
	2025	2024
Balance on January 1	(\$ 1,050)	(\$ 2,150)
Recognized in other comprehensive income (Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income)	950	1,100
Balance on December 31	<u>(\$ 100)</u>	<u>(\$ 1,050)</u>

3) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

a) Derivatives

The redemption and put options of domestic convertible bonds are measured using the binary tree convertible bond evaluation model, and the significant unobservable input value used is the stock price volatility. When stock price volatility increases, the fair value of these derivative instruments will increase. The stock price volatility adopted on December 31, 2025 and 2024 was 34.37% and 31.49%.

b) Domestic unlisted OTC equity investment

The fair value of unlisted equity securities was determined using the market approach. In this approach, the fair value of unlisted securities was determined based on the share price of comparable companies in an active market, price value multiplier and other related information, where the significant unobservable input used is the discount for lack of marketability.

If the discount for lack of marketability applied to the valuation model was changed to reflect a reasonably possible alternative assumption while all other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	December 31	
	2025	2024
Discount for lack of marketability		
10% increase	(\$ 9,321)	(\$ 10,315)
10% decrease	\$ 9,405	\$ 10,409

c. Categories of financial instruments

	December 31	
	2025	2024
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income - Investments in equity instruments	\$ 280,854	\$ 310,804
At amortized cost (Note 1)	693,838	690,526
<u>Financial liabilities</u>		
FVTPL - Held for trading	100	1,050
At amortized cost (Note 2)	1,286,394	1,290,764

Note 1: The balances included cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), other receivables (including related parties), financial assets measured at amortized cost (including current and non-current) and paid guarantee deposits.

Note 2: The balances included short-term borrowings, notes payable (including related parties), accounts payable (including related parties), other payables (including related parties), bonds payable, long-term borrowings (including current portion) and guarantee deposits received.

d. Financial risk management objectives and policies

The Company manages its exposure to risks related to its operations such as foreign currency risk, interest rate risk, credit risk, and liquidity risk by reducing potentially adverse effects that market uncertainties may have on its financial performance.

The significant financial activities of the Company are reviewed by the board of directors in accordance with relevant regulations or internal controls. During the implementation of such financial plans, the Company must comply with relevant financial risk control procedures and accountability principles. Compliance with policies and exposure limits is continuously reviewed by internal auditors. The Company did not enter into or trade financial instruments (including derivative financial instruments) for speculative purposes.

1) Market risk

Business activities have primarily exposed the Company to foreign exchange risk (refer to "a)" below) and interest rate risk (refer to "b)" below):

Risk exposure in relation to the Company's financial instruments, management, and measurement methods remains unchanged.

a) Foreign currency risk

Foreign currency sales and purchases exposed the Company to foreign currency risk. In order to avoid the impact of changes in foreign exchange rates, which lead to deductions in foreign currency denominated assets and fluctuations in its future cash flows, the Company maintains a balance of hedged net foreign currency denominated assets and liabilities.

For the carrying amount of the Company's monetary assets and liabilities denominated in currencies other than the functional currency on the balance sheet date, please refer to Note 29.

Sensitivity analysis

The Company is mainly exposed to U.S. dollar fluctuations.

If there was a 1% strengthening/weakening of the functional currency against the USD, the profit before tax For the Year Ended December 31, 2025 and 2024 would have decreased/increased by NT\$1,586 thousand and NT\$2,119 thousand, respectively.

Management believes that the sensitivity analysis was not representative of the inherent foreign currency risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company was exposed to cash flow risk of interest rate fluctuations for floating interest-bearing financial assets and financial liabilities. The management of the Company regularly monitors market interest rate fluctuations and reconciles financial liabilities at a floating interest rate to make the Company's interest rate close to market interest rates so as to mitigate risks of market interest rate fluctuations.

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

	December 31	
	2025	2024
Fair value interest rate risk		
- Financial assets	\$ 57,974	\$ 2,000
- Financial liabilities	589,078	609,401

	December 31	
	2025	2024
Cash flow interest rate risk		
- Financial assets	359,243	353,020
- Financial liabilities	525,720	477,817

Sensitivity analysis

The fixed-rate financial assets and liabilities held by the Company were all measured at amortized cost, so they were not included in the analysis. For financial assets and liabilities at floating interest rates, it was assumed in the analysis that they were outstanding throughout the reporting period if outstanding on the balance sheet date. The 0.25% increase or decrease in interest rate was used to report the reasonably possible change in interest rate to key management. If all other variables were held constant and interest rates had been 0.25% higher or lower, the Company's profit before tax For the Year Ended December 31, 2025 and 2024 would have decreased or increased by NT\$416 thousand and NT\$312 thousand, respectively.

2) Credit risk

Credit risk refers to the risk of financial loss incurred by the Company due to a counterparty's delay in performing contractual obligations. As of the balance sheet date, the Company's maximum exposure to credit risk, which would cause financial loss due to failure of counterparties to meet their obligations and financial guarantees provided by the Company (i.e., the maximum irrevocable exposure excluding collaterals or other credit enhancement tools), could arise from:

- a) The carrying amount of recognized financial assets stated in the parent company only balance sheets.
- b) The maximum amount the Company would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

Under this policy, each customer is analyzed individually based on financial situation, internal credit rating, historical trading record, and current economic condition which may affect the customer's ability to pay. In addition, some credit enhancement tools, such as advance sales receipts, are adopted at the appropriate time to reduce the credit risk of specific customers.

Given that the Company has a broad customer base and customers are not connected in any way to each other, the concentration of credit risk is low.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance its operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities, including principal and interest, from the earliest date on which the Company would be required to pay. Specifically, bank loans with a repayment on demand clause were included regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2025

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1 - 3 Months	3 Months to 1 Year	1+ Year
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities		\$ 146,560	\$ 85,493	\$ 13,788	\$ -
Lease liabilities	2.60%	1,356	4,470	12,485	62,047
Fixed interest rate liabilities	1.27%	-	-	514,353	-
Floating interest rate liabilities	1.36%~3.10%	<u>4,775</u>	<u>9,533</u>	<u>61,635</u>	<u>519,238</u>
		<u>\$ 152,691</u>	<u>\$ 99,496</u>	<u>\$ 602,261</u>	<u>\$ 581,285</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1 - 5 Years	5 - 10 Years	10 - 15 Years	15 - 20 Years	20+ Years
Lease liability	<u>\$18,311</u>	<u>\$48,516</u>	<u>\$ 9,586</u>	<u>\$ 3,945</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2024

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1 - 3 Months	3 Months to 1 Year	1+ Year
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	-	\$ 174,429	\$ 100,873	\$ 16,209	\$ -
Lease liabilities	2.54%	1,276	4,318	11,849	78,222
Fixed interest rate liabilities	1.27%	-	-	-	520,956
Floating interest rate liabilities	2.47%~3.43%	<u>1,134</u>	<u>2,251</u>	<u>363,541</u>	<u>141,572</u>
		<u>\$ 176,839</u>	<u>\$ 107,442</u>	<u>\$ 391,599</u>	<u>\$ 740,750</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1 - 5 Years	5 - 10 Years	10 - 15 Years	15 - 20 Years	20+ Years
Lease liability	<u>\$17,443</u>	<u>\$64,647</u>	<u>\$ 9,622</u>	<u>\$ 3,953</u>	<u>\$ -</u>	<u>\$ -</u>

b) Financing facilities

Use of bank facility at the balance sheet date of the Company is shown below:

	December 31	
	2025	2024
Secured bank borrowing facilities		
- Amount used	\$ 525,720	\$ 477,817
- Amount unused	<u>835,520</u>	<u>873,523</u>
	<u>\$1,361,240</u>	<u>\$1,351,340</u>

As of December 31, 2025, the Company's operating funds are sufficient to fulfill all obligations. Therefore, management believes that the Company has no significant exposure to liquidity risk.

26. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed in other notes, details on transactions between the Company and other related parties are disclosed below.

a. Names and categories of related parties

Related Party Name	Related Party Categories
Shao, Ten-Po	Chairman of the Company
ELEMENTECH INTERNATIONAL CO., LTD. (ELEMENTECH)	Subsidiary
GREENCHEM INTERNATIONAL CO., LTD. (GREENCHEM)	Subsidiary
JIAXING NANXIONG POLYMER CO., LTD. (JIAXING NANXIONG)	Subsidiary
DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD. (DONG GUAN NAMLIONG)	Subsidiary
NAM LIONG ENTERPRISE CO., LTD. (VIETNAM) (VIETNAM NAM LIONG)	Subsidiary
Great Industries Corp. (G.I.C.)	Related party in substance
GREENRAYS INTERNATIONAL CO., LTD. (GREENRAYS)	Related party in substance
U-LONG HIGH-TECH TEXTILE CO., LTD. (U-LONG)	Related party in substance
EARS MANAGEMENT & CONSULTANT COMPANY (EARS)	Related party in substance
ETERNALCARE BUSINESS LTD. (ETERNALCARE)	Related party in substance
HUI LIANG INDUSTRIAL CO., LTD. (HUI LIANG)	Related party in substance
TIONG LIONG INDUSTRIAL CO., LTD. (TLI)	Related party in substance
TIEN JIANG ENTERPRISE CO., LTD. (TIEN JIANG)	Related party in substance

Related Party Name	Related Party Categories
HONG LI TEXTILE CO., LTD. (HONG LI)	Related party in substance
Zhongshan Tiongliong Tech-textile Technology Co., Ltd. (China) (Zhongshan Tiongliong)	Related party in substance
ORIENTAL GREEN ENERGY TECHNOLOGY INC. (ORIENTAL)	Related party in substance
SHANGHAI JIAN LENG BIOLOGICAL TECHNOLOGY CO., LTD. (China) (SHANGHAI JIAN LENG)	Related party in substance
Universal Mean Great Health Technology Co., Ltd. (Universal Mean Great Health)	Related party in substance
Quanye Kangyang Development Co., Ltd. (Quanye Kangyang)	Related party in substance
DONG GUAN NAM GUANG RUBBER&PLASTIC MANUFACTURES CO., LTD. (China) (NAM GUANG)	Related party in substance
Gu Hong Investment CO., LTD. (GU HONG)	Related party in substance
EVER THRIVING INTERNATIONAL INVESTMENT CO., LTD. (EVER THRIVING)	Related party in substance
Qi Hong Investment CO., LTD. (Qi Hong)	Related party in substance
Xin Yan Investment CO., LTD. (Xin Yan)	Related party in substance
Heng Ding Biotechnology Co., Ltd. (Heng Ding Biotechnology)	Related party in substance
Gu Yi Investment CO., LTD. (Gu Yi)	Related party in substance
JSM Agriculture Development Co., Ltd. (JSM Agriculture)	Related party in substance
UNION LINE TEXTILE CO., LTD. (UNION LINE)	Related party in substance
BANG-HONG TECHNOLOGY CO., LTD. (BANG-HONG)	Related party in substance
SICOM ENTERPRISE CO., LTD. (SICOM)	Related party in substance
DONGGUAN PROPRENE SPORTING GOODS CO., LTD. (China) (PROPRENE SPORTING GOODS)	Related party in substance
Teholy Co., Ltd. (Teholy)	Related party in substance
Xu Tai Sports Bag Co., Ltd. (China) (Xu Tai)	Related party in substance
DONG GUAN NAMDE RUBBER&PLASTIC MANUFACTURES CO., LTD (China) (NAMDE)	Related party in substance
HONGLITEXTILE (China) (HONGLITEXTILE)	Related party in substance
Tainan City Fucheng Anti-Cancer Health Association (Fucheng Anti-Cancer Association)	Related party in substance
TIONG LIONG TRADING (SAMOA)CO., LTD (TIONG LIONG TRADING)	Related party in substance
Chiayi Country Private Ziliang Social Welfare and Charity Foundation (Ziliang Foundation)	Related party in substance
Liongtex Innovation Enterprises Co., Ltd. (Liongtex)	Related party in substance
Skycosmos Sport and outdoor products Ltd. (SKYCOSMOS)	Related party in substance

Related Party Name	Related Party Categories
TrueLove Agriculture, Fishery and Electricity Symbiosis Co., Ltd. (Truelove Symbiosis)	Related party in substance
SKY COSMOS LIMITED (SKY COSMOS LIMITED)	Related party in substance
Yuan Yun Food Co., Ltd. (Yuan Yun)	Related party in substance
Shi Jin Culture and Art Co., Ltd. (Shi Jin)	Related party in substance

b. Operating revenue

Item	Related Party Category/Name	For the Year Ended December 31	
		2025	2024
Sales revenue	Related party in substance		
	G.I.C.	\$ 42,425	\$ 45,219
	TIEN JIANG	15,805	23,316
	TLI	13,252	16,137
	Others	<u>43,659</u>	<u>35,337</u>
		<u>115,141</u>	<u>120,009</u>
	Subsidiaries		
	JIAXING NANXIONG	37,801	43,839
	Others	<u>15,535</u>	<u>31,816</u>
		<u>53,336</u>	<u>75,655</u>
		<u>\$ 168,477</u>	<u>\$ 195,664</u>

c. Purchase

Related Party Category/Name	For the Year Ended December 31	
	2025	2024
Related party in substance		
SHANGHAI JIAN LENG	\$ 13,535	\$ 9,887
HONG LI	11,565	11,978
Others	<u>8,499</u>	<u>10,252</u>
	<u>33,599</u>	<u>32,117</u>
Subsidiaries		
VIETNAM NAM LIONG	\$ 17,373	\$ 27,946
JIAXING NANXIONG	14,981	22,596
Others	<u>1,908</u>	<u>4,221</u>
	<u>34,262</u>	<u>54,763</u>
	<u>\$ 67,861</u>	<u>\$ 86,880</u>

The sales price and purchase price provided to related parties were determined through mutual agreement. The payment term for sales offered to related parties

was 30 to 120 days after monthly closing, while the payment term for sales to non-related parties was 30 to 90 days after monthly closing. The payment term for purchases from related parties and non-related parties was 30 to 90 days after monthly closing.

d. Receivables - related parties

Item	Related Party Category/Name	December 31	
		2025	2024
Notes receivable	Related party in substance		
	TIEN JIANG	\$ 4,859	\$ 9,617
	TLI	2,662	2,405
	HUI LIANG	1,557	1,686
	Others	<u>761</u>	<u>876</u>
		<u>\$ 9,839</u>	<u>\$ 14,584</u>
Accounts receivable	Related party in substance		
	G.I.C.	\$ 20,481	\$ 17,532
	Others	<u>11,501</u>	<u>12,899</u>
		<u>31,982</u>	<u>30,431</u>
	Subsidiaries		
	JIAXING NANXIONG	2,582	10,351
	DONG GUAN NAMLIONG	2,145	6,703
	VIETNAM NAM LIONG	<u>1,228</u>	<u>5,361</u>
		<u>5,955</u>	<u>22,415</u>
		<u>\$ 37,937</u>	<u>\$ 52,846</u>
Other receivable (Recognized under Other current assets)	Related party in substance		
	PROPRENE SPORTING GOODS	\$ 644	\$ 553
	HUI LIANG	339	352
	EARS	143	168
	Others	<u>156</u>	<u>175</u>
	<u>\$ 1,282</u>	<u>\$ 1,248</u>	

No guarantee is required for the outstanding amount of receivables from related parties. No loss allowances were set aside for receivables from related parties For the Year Ended December 31, 2025 and 2024.

e. Payables - related parties

Item	Related Party Category/Name	December 31	
		2025	2024
Notes payable	Related party in substance		
	U-LONG	\$ 267	\$ 467
	Heng Ding Biotechnology	-	81
		<u>\$ 267</u>	<u>\$ 548</u>
Accounts payable	Related party in substance		
	HONG LI	\$ 4,831	\$ 4,598
	SHANGHAI JIAN LENG	2,846	2,351
	Others	<u>1,562</u>	<u>2,355</u>
		<u>9,239</u>	<u>9,304</u>
	Subsidiaries		
	VIETNAM NAM LIONG	3,842	2,003
	DONG GUAN NAMLIONG	-	3,062
	Others	<u>826</u>	<u>775</u>
		<u>4,668</u>	<u>5,840</u>
		<u>\$ 13,907</u>	<u>\$ 15,144</u>
	Other payables	Related party in substance	
EARS		\$ 414	\$ 292
GREENRAYS		7	78
Others		<u>43</u>	<u>48</u>
	<u>\$ 464</u>	<u>\$ 418</u>	

f. Lease arrangements

Related Party Category/Name	For the Year Ended December 31	
	2025	2024
<u>Lease expenses</u>		
Chairman of the Company	<u>\$ 4,403</u>	<u>\$ 4,403</u>

The Company leases offices from the chairman of the Company. The rentals are paid on a monthly basis.

Lease expenses include expenses related to short-term leases as well as low-value asset leases. The total amount of future expenses associated with short-term leases and expenses to be paid related to low-value asset leases were as follows:

	For the Year Ended December 31	
	2025	2024
Total amount of lease expenses to be paid in the future	<u>\$ 4,403</u>	<u>\$ 4,403</u>

g. Lease - out agreement

Operating lease

The Company leases a dormitory and offices to related parties by means of an operating lease based on prevailing rates in the surrounding area. Rentals may be paid in lump sum at the beginning of the year or collected on a monthly basis. Lease income was NT\$5,648 thousand and NT\$4,755 thousand in 2025 and 2024, respectively.

h. Others

Item	Related Party Category/Name	For the Year Ended December 31	
		2025	2024
Operating costs (excluding rentals)	Related party in substance		
	HONG LI	\$ 74	\$ 165
	U-LONG	21	3
	HUI LIANG	-	77
	Others	<u>9</u>	<u>7</u>
		<u>\$ 104</u>	<u>\$ 252</u>
Operating expenses (excluding rentals)	Related party in substance		
	EARS	\$ 4,940	\$ 4,981
	Others	<u>272</u>	<u>274</u>
		5,212	5,255
	Subsidiaries	<u>38</u>	<u>147</u>
	<u>\$ 5,250</u>	<u>\$ 5,402</u>	
Other income	Related party in substance		
	PROPRENE SPORTING GOODS	\$ 3,680	\$ 3,128
	Others	<u>150</u>	<u>1,772</u>
		<u>3,830</u>	<u>4,900</u>
	Subsidiaries		
	DONG GUAN NAMLIONG	4,028	4,631
	JIAXING NANXIONG	2,548	1,269
Others	<u>2,360</u>	<u>1,587</u>	
	<u>8,936</u>	<u>7,487</u>	
	<u>\$ 12,766</u>	<u>\$ 12,387</u>	
Dividend income	Related party in substance		
	TLI	<u>\$ 7,092</u>	<u>\$ 14,184</u>

Related parties in substance provide human resources to the Company, and the Company paid NT\$4,526 thousand and NT\$4,590 thousand in management service fees in 2025 and 2024, respectively. Payment is following month based on actual fees every quarter (actual fee was included in the operating expenses mentioned above).

i. Endorsements and guarantees

Endorsements and guarantees received

The chairman of the Company provided land and building in Tainan City as collateral for loans in December 31, 2025 and 2024.

j. Remuneration of key management personnel

The remuneration of directors and key management personnel in 2025 and 2024 were as follows:

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits	\$ 27,863	\$ 40,367
Post-employment benefits	<u>1,080</u>	<u>1,191</u>
	<u>\$ 28,943</u>	<u>\$ 41,558</u>

Remuneration of directors and key management is determined by the Remuneration Committee based on personal performance and market trends. If the decision-making and handling of any matter related to the remuneration of directors and managerial officers of a subsidiary are delegated to the subsidiary but require ratification by the Company's board of directors, the Remuneration Committee shall be asked to make recommendations before the matter is submitted to the board of directors for deliberation.

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Company pledged the following assets as bank loans and security deposit for bonds payable:

	December 31		Purpose
	2025	2024	
Restricted demand deposits	\$ 112,011	\$ 111,982	Borrowings and bonds payable
Pledged time deposits	2,000	2,000	Borrowings
Right-of-use assets	17,859	11,327	Borrowings
Property, plant and equipment, net	297,417	311,700	Borrowings
Investment properties, net	-	55,016	Borrowings
	<u>\$ 429,287</u>	<u>\$ 492,025</u>	

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. As of December 31, 2025 and 2024, the unused letters of credit amounted to NT\$41,739 thousand and NT\$30,825 thousand, respectively.
- b. The Company has agreed to lease 7 superficies from Taiwan Sugar Corporation (TSC) which are located in San Kan Dian and Niaosong, YongKang Dist., Tainan City. In accordance with the agreement with TSC, the Company has established the value of the right of superficies through the Land Bank of Taiwan, which is the management bank for syndicated credit facility agreements. In addition, the Company has promised the Land Bank of Taiwan that it shall maintain ownership of the superficies during the syndicated credit facility period and shall faithfully comply with the superficies contract signed with TSC. Without the agreement of the Land Bank of Taiwan, the Company is not allowed to cancel, revoke or terminate the contract, and abandon the superficies. Please refer to Notes 14, 16, and 27 for further details.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information on aggregation of foreign currencies other than functional currencies of the entities in the Group as well as exchange rates between foreign currencies and respective functional currencies were disclosed. Significant assets and liabilities denominated in foreign currencies were as follows: (Except for the exchange rate, individual foreign currencies all in thousands of New Taiwan Dollars)

December 31, 2025

	Foreign currency amount	Exchange rate	NT\$
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 5,742	31.380 (USD:NTD)	\$ 180,195
EUR	138	36.700 (EUR:NTD)	5,069
CNY	3,130	4.471 (CNY:NTD)	13,998
HKD	725	4.008 (HKD:NTD)	2,904
<u>Non-monetary items</u>			
USD	24,535	31.380 (USD:NTD)	768,964
VND	41,627,788	0.0012 (VND:NTD)	50,070
HKD	11,744	4.008 (HKD:NTD)	47,070
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	689	31.380 (USD:NTD)	21,608

December 31, 2024

	Foreign currency amount	Exchange rate	NT\$
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 7,259	32.735 (USD:NTD)	\$ 237,639
EUR	440	33.940 (EUR:NTD)	14,937
<u>Non-monetary items</u>			
USD	23,808	32.735 (USD:NTD)	779,354
VND	42,655,442	0.0013 (VND:NTD)	55,355
HKD	11,542	4.192 (HKD:NTD)	48,383
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	786	32.735 (USD:NTD)	25,739

For the Year Ended December 31, 2025 and 2024, (realized and unrealized) net foreign exchange gains (losses) were losses NT\$14,318 thousand and gains NT\$22,650 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions of the entities in the Company.

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions

1) Financing provided to others: None.

2) Endorsement and guarantee provided: None.

3) Significant marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 1.

4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

b. Information on investees: Table 2.

c. Information on investments in Mainland China:

1) The name of investee in Mainland China, main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China: Table 3.

- 2) Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
- a) The amount and percentage of purchases and the balance and percentage of related payables at the end of the period: None.
 - b) The amount and percentage of sales and the balance and percentage of related receivables at the end of the period: Table 4.
 - c) The amount of property transactions and the amount of resultant gains or losses: None.
 - d) The balance and purposes of endorsements or guarantees or pledged of collateral at the end of the period: None.
 - e) The maximum balance, ending balance, interest rate range and total amount of interest of financing for the current year: None.
 - f) Other transactions that have a material effect on profit or loss for the period or on financial position, such as rendering or receiving of services: None.

31.SEGMENT INFORMATION

According to Article 22 "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the Company does not prepare the segment information of IFRS 8.

NAM LIONG GLOBAL CORPORATION

MARKETABLE SECURITIES HELD

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
NAM LIONG GLOBAL CORPORATION	Shares TIONG LIONG INDUSTRIAL CO., LTD.	Related party in substance	Financial assets at fair value through other comprehensive income – non-current	7,091,902	\$ 280,854	14.29%	\$ 280,854	Note

Note: Financial assets at fair value through other comprehensive income were not pledged as guarantees or collateral for borrowings and are not subject to restrictions.

NAM LIONG GLOBAL CORPORATION

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee (Foreign Currencies in Thousands)	Share of Profit (Loss) (Foreign Currencies in Thousands)	Note
				December 31, 2025	December 31, 2024	Number of Shares	%	Carrying Amount			
NAM LIONG GLOBAL CORPORATION	GREENCHEM INTERNATIONAL CO., LTD.	Chiayi	Chemical product	\$ 240,000	\$ 240,000	8,000,000	100	\$ 311,757	\$ 17,715	\$ 17,715	Note
NAM LIONG GLOBAL CORPORATION	ELEMENTECH INTERNATIONAL CO., LTD.	Taipei	Electronic products trading	174,500	174,500	7,615,980	100	43,600	(19,743)	(19,743)	Note
NAM LIONG GLOBAL CORPORATION	NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP.	Cayman Islands	Holding and investment	USD 1,930 thousand	USD 1,930 thousand	1,930,000	100	153,036	12,076	12,076	Note
NAM LIONG GLOBAL CORPORATION	SPEEDBEST INTERNATIONAL LIMITED	Samoa	Holding and investment	USD 6,810 thousand	USD 6,810 thousand	6,810,000	100	615,928	(USD 388 thousand) 11,354	(USD 388 thousand) 11,354	Note
NAM LIONG GLOBAL CORPORATION	NAM LIONG ENTERPRISE CO., LTD (VIET NAM).	Vietnam	Textile products	USD 3,100 thousand	USD 3,100 thousand	-	100	50,070	(USD 365 thousand) (2,734)	(USD 365 thousand) (1,125)	Note
NAM LIONG GLOBAL CORPORATION	ELEMENTECH (HONG KONG) LIMITED	Hong Kong	Holding and investment	HKD 8,150 thousand	HKD 8,150 thousand	-	100	47,070	(Loss VND 2,267,486 thousand) (1,438)	(Loss VND 1,020,301 thousand) (1,438)	Note
									(Loss HKD 362 thousand)	(Loss HKD 362 thousand)	

Note: The profit or loss of invested subsidiaries under equity method in 2025 is recognized in the financial statement based on audit result from accountants of individual subsidiaries in the same period.

NAM LIONG GLOBAL CORPORATION
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 3)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025 (Note 1)	Net Income (Loss) of the Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2 and 6)	Carrying Amount as of December 31, 2025 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2025 (Note 4)
					Outward	Inward						
GREENCHEM INTERNATIONAL SHANGHAI CO., LTD.	Chemical product	\$ 6,276 (USD 200 thousand)	Direct investment in Mainland China	\$ 6,465 (USD 200 thousand)	\$ -	\$ -	\$ 6,465 (USD 200 thousand)	\$ 28,527 (CNY 6,622 thousand)	100%	\$ 28,527 (CNY 6,622 thousand)	\$ 95,742	\$ 237,781 (Note 8)
SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD.	Electronic products trading and manufacturing	117,675 (USD 3,750 thousand)	Through a company invested and established in a third region	114,857 (USD 3,750 thousand)	-	-	114,857 (USD 3,750 thousand)	(1,319) (Loss CNY 306 thousand)	100%	(1,319) (Loss CNY 306 thousand)	46,852 (HKD 11,690 thousand)	-
JIAXING NANXIONG POLYMER CO., LTD.	Textile products	188,280 (USD 6,000 thousand)	Through a company invested and established in a third region	272,723 (USD 8,583 thousand)	-	-	272,723 (USD 8,583 thousand)	8,339 (CNY 1,936 thousand)	100%	8,339 (CNY 1,936 thousand)	550,992 (USD 17,559 thousand)	19,038
DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD.	Textile products	84,726 (USD 2,700 thousand)	Through a company invested and established in a third region	84,351 (USD 2,651 thousand)	-	-	84,351 (USD 2,651 thousand)	19,211 (CNY 4,459 thousand)	100%	19,211 (CNY 4,459 thousand)	218,672 (USD 6,969 thousand)	17,046

Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$478,396 (USD 15,184 thousand) (Note 1)	\$541,731 (USD 17,247 thousand) (Note 1 and 7)	\$ - (Note 5)

Note 1: The NTD amount was converted using the USD buying rate when the original investments were transferred from the account.

Note 2: Calculated using the average exchange rate between January 1, 2025 and December 31, 2025.

Note 3: Calculated using the exchange rate on December 31, 2025.

Note 4: Calculated using the exchange rate of inward remittance of dividends.

Note 5: Pursuant to the MOEA No. 11351021460 dated December 5, 2024, the Company has obtained a certificate of qualification for headquarters operations, issued by the MOEA, thus the upper limit on investments in Mainland China is not applicable to the Company.

Note 6: Calculated with the financial statements audited and attested by R.O.C parent company's certified public accountant in the same period.

Note 7: Investment amounts authorized by the Investment Commission, MOEA when the Company acquired GREENCHEM and merged with NAM LIONG ENTERPRISE, are included.

Note 8: The Company obtained 100% shares in GREENCHEM in October 2010, and dividends of GREENCHEM were remitted by GREENCHEM INTERNATIONAL SHANGHAI CO., LTD. after October 2010.

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Normal Transactions	Amount	%		
JIAXING NANXIONG POLYMER CO., LTD.	Sales	\$ 37,801	2.54	No significant differences	Note	No significant differences	\$ 2,582	0.98	\$ 700	-

Note: The amount was determined through mutual agreement.

§CONTENT OF FINANCIAL STATEMENTS - MAJOR ACCOUNTING ELEMENTS§

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NAM LIONG GLOBAL CORPORATION
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Period	Interest Rates (%)	Amount
Petty cash	-		\$ 264
Foreign currency on hand (Note 1)			134
Demand deposits		0.40%~0.71%	219,053
Time deposits		1.45%	3,000
Foreign currency deposits (Note 2)		0.01%~0.65%	37,625
Foreign currency amount time deposits (Note 3)		3.70%~3.95%	37,678
Checking accounts			<u>340</u>
			<u>\$ 298,094</u>

Note 1: Primarily consists of CNY 3 thousand, USD 3 thousand and EUR 1 thousand, translated at the exchange rates of RMB 1=\$4.47, USD 1 = \$31.38 and EUR 1=\$36.70, respectively.

Note 2: Primarily consists of USD 959 thousand, CNY 1 thousand, HKD 725 thousand and EUR 126, all deposited in domestic banks, translated at the exchange rates of USD 1 = \$31.38, RMB 1=\$4.47, HKD 1=\$4.01 and EUR 1 = \$36.70, respectively.

Note 3: Primarily consists of USD 1,201 thousand, translated at the exchange rates of USD 1 = \$31.38, respectively.

NAM LIONG GLOBAL CORPORATION
STATEMENT OF NOTES AND NET ACCOUNTS RECEIVABLE
DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Client Name	Amount
Notes receivable	
Non-related parties	
Client A	\$ 6,639
Client B	2,169
Client C	1,806
Client D	1,742
Client E	1,579
Others (Note)	<u>14,320</u>
	28,255
Less: Allowance for impairment loss	(<u>379</u>)
	<u>\$ 27,876</u>
Related parties	
TIEN JIANG	\$ 4,859
TLI	2,662
HUI LIANG	1,557
Others (Note)	<u>761</u>
	<u>\$ 9,839</u>
Accounts receivable	
Non-related parties	
Client F	\$ 43,416
Client G	11,954
Client H	9,549
Others (Note)	<u>124,398</u>
	189,317
Less: Allowance for impairment loss	(<u>1,247</u>)
	<u>\$ 188,070</u>
Related parties	
G.I.C.	\$ 20,481
Zhongshan Tiongliong	3,137
HUI LIANG	3,041
JIAXING NANXIONG	2,582
DONG GUAN NAMLIONG	2,145
Others (Note)	<u>6,551</u>
	<u>\$ 37,937</u>

Note: The amount of individual client included does not exceed 5% of the account balance.

NAM LIONG GLOBAL CORPORATION
STATEMENT OF INVENTORIES
DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net realizable value (Note)
Raw materials and supplies	\$ 78,757	\$ 84,120
Work-in-process and semi-finished goods	83,336	166,880
Finished goods	58,853	85,480
Merchandise	<u>2,763</u>	<u>2,915</u>
	223,709	<u>\$ 339,395</u>
Less: Allowance for inventory write-downs	(<u>25,265</u>)	
Total	<u>\$ 198,444</u>	

Note: Estimated based on replacement cost or net realizable value.

NAM LIONG GLOBAL CORPORATION
STATEMENT OF OTHER CURRENT ASSETS
DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)			
<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Notes</u>
Prepayments	Including prepayments to suppliers and prepaid expenses, etc.	\$ 16,313	
Temporary payments	Including temporary payments for labor insurance, national health insurance and salaries expense, etc.	6,356	
Overpaid sales tax	Including prepaid sales tax, etc.	<u>917</u>	
		<u>\$ 23,586</u>	

NAM LIONG GLOBAL CORPORATION
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name of company	Balance on January 1		Increase or decrease during the current period				Balance on December 31		
	Shares	Amount	Increase or decrease in the number of shares	Investment net income (loss) recognized under equity method	Exchange differences on translation of financial statements of foreign operations	Others	Shares	Percentage of Ownership	Amount
GREENCHEM INTERNATIONAL CO., LTD. (Note 1)	8,000,000	\$ 312,586	-	\$ 17,715	\$ 1,456	(\$ 20,000)	8,000,000	100	\$ 311,757
ELEMENTECH INTERNATIONAL CO., LTD.	7,615,980	63,343	-	(19,743)	-	-	7,615,980	100	43,600
ELEMENTECH (HONG KONG) LIMITED	-	48,383	-	(1,438)	125	-	-	100	47,070
NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP. (Note 2)	1,930,000	152,506	-	12,076	404	(11,950)	1,930,000	100	153,036
SPEEDBEST INTERNATIONAL LIMITED (Note 3)	6,810,000	626,848	-	11,354	1,630	(23,904)	6,810,000	100	615,928
NAM LIONG ENTERPRISE CO., LTD. (VIETNAM)	-	<u>55,355</u>	-	(<u>1,125</u>)	(<u>4,160</u>)	<u>-</u>	-	100	<u>50,070</u>
		<u>\$ 1,259,021</u>		<u>\$ 18,839</u>	(<u>\$ 545</u>)	(<u>\$ 55,854</u>)			<u>\$ 1,221,461</u>

Note 1: Others are cash dividends of NT\$20,000 thousand.

Note 2: Others are unrealized gains from sales of NT\$32 thousand and cash dividends of NT\$11,982 thousand.

Note 3: Others are unrealized gains from sales of NT\$198 thousand and cash dividends of NT\$24,102 thousand.

Note 4: The Company's investments accounted for using equity method are not pledged as collateral.

NAM LIONG GLOBAL CORPORATION
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Balance on January 1	Additions	Reductions	Balance on Decembner 31	Notes
Cost					
Land	\$ 58,422	\$ 54	(\$ 587)	\$ 57,889	
Buildings	70,293	-	-	70,293	
Transportation equipment	<u>598</u>	<u>2,799</u>	<u>-</u>	<u>3,397</u>	
Total	<u>\$ 129,313</u>	<u>\$ 2,853</u>	<u>(\$ 587)</u>	<u>\$ 131,579</u>	

NAM LIONG GLOBAL CORPORATION
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF
RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Balance on January 1	Additions	Reductions	Balance on December 31	Notes
Accumulated depreciation					
Land	\$ 17,980	\$ 3,252	\$ -	\$ 21,232	Note 1
Buildings	5,858	14,059	-	19,917	Note 2
Transportation equipment	<u>87</u>	<u>949</u>	<u>-</u>	<u>1,036</u>	Note 3
Total	<u>\$ 23,925</u>	<u>\$ 18,260</u>	<u>\$ -</u>	<u>\$ 42,185</u>	

Note 1: Land is depreciated on a straight-line basis over 10 to 50 years.

Note 2: Buildings are depreciated on a straight-line basis over 5 years.

Note 3: Transportation equipment is depreciated on a straight-line basis over 2 to 3 years.

NAM LIONG GLOBAL CORPORATION
STATEMENT OF NOTES AND ACCOUNTS PAYABLE
DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Vendor name	Amount
<u>Notes payable</u>	
Non-related parties	
Vendor A	\$ 3,812
Vendor B	1,405
Vendor C	714
Vendor D	679
Others (Note)	<u>1,670</u>
	<u>8,280</u>
Related parties	
U-LONG	<u>267</u>
	<u>267</u>
	<u>\$ 8,547</u>
<u>Accounts payable</u>	
Non-related parties	
Vendor E	\$ 11,100
Vendor F	7,843
Vendor G	6,782
Others (Note)	<u>109,341</u>
	<u>135,066</u>
Related parties	
HONG LI	4,831
VIETNAM NAM LIONG	3,842
SHANGHAI JIAN LENG	2,846
JIAXING NANXIONG	826
Zhongshan Tiongliong	753
Others (Note)	<u>809</u>
	<u>13,907</u>
	<u>\$ 148,973</u>

Note: The amount of individual vendor does not exceed 5% of the account balance.

NAM LIONG GLOBAL CORPORATION
STATEMENT OF OTHER CURRENT LIABILITIES
DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)			
Item	Description	Amount	Notes
Temporary receipts	Temporary receipt of customer payment	\$ 12,647	
Receipts under custody	Collection of taxes and labor insurance as well as national health insurance expense, etc.	2,072	
Others (Note)		<u>919</u>	
		<u>\$ 15,638</u>	

Note: The amount of individual account does not exceed 5% of the account balance.

NAM LIONG GLOBAL CORPORATION
STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Description	Lease Term	Discount Rate	Balance on December 31	Notes
Land	Operational land	2013.12.24 ~ 2040.11.02	2.36%~2.60%	\$ 21,024	
Buildings	Operational buildings	2024.08.01 ~ 2029.07.31	2.67%	51,319	
Transportation equipment	Operational transportation equipment	2024.09.16 ~ 2028.08.10	2.36%~2.67%	2,382	
Subtotal				<u>74,725</u>	
Less:					
Current portion of lease liabilities				(<u>16,598</u>)	
				<u>\$ 58,127</u>	

NAM LIONG GLOBAL CORPORATION
STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025

Item	Amount
Textile products	\$ 632,176
Sponge lamination products	304,002
Special textiles products	275,025
Special material products	201,807
Others (Note)	79,938
Less: Sales returns and allowances	(<u>6,813</u>)
	<u>\$ 1,486,135</u>

Note: The amount of each item does not exceed 5% of the account balance.

NAM LIONG GLOBAL CORPORATION
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount
Cost of sales of merchandise self-manufactured	
Raw materials and supplies used	
Raw materials and supplies at the beginning of year	\$ 90,131
Raw material and supplies purchased	563,826
Raw materials and supplies at the end of year	(<u>78,757</u>)
Raw materials used	575,200
Direct labor	147,975
Manufacturing expenses	206,333
Subcontract processing expenses	<u>84,565</u>
Manufacturing cost	1,014,073
Work-in-process and semi-finished goods at the beginning of year	77,765
Raw materials and supplies purchased	64,732
Other adjustments	(27,455)
Work-in-process and semi-finished goods at the end of year	(<u>83,336</u>)
Cost of finished goods	1,045,779
Finished goods at the beginning of year	62,282
Raw materials and supplies purchased	57,961
Finished goods at the end of year	(<u>58,853</u>)
Cost of sales	1,107,169
Cost of sales of merchandise purchased	
Merchandise at the beginning of year	3,111
Merchandise purchased	14,681
Merchandise at the end of year	(<u>2,763</u>)
Cost of sales	15,029
Gain on reversal of inventory obsolescence	1,658
Reversal of inventory write-down	145
Other Cost Adjustments	<u>3,018</u>
Operating costs	<u>\$ 1,127,019</u>

NAM LIONG GLOBAL CORPORATION
STATEMENT OF SALES AND MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

Item	(In Thousands of New Taiwan Dollars)
<u>Item</u>	<u>Amount</u>
Salaries and bonus expense	\$ 41,723
Shipping expenses	15,583
Import and export expense	10,316
Miscellaneous expenses	6,171
Insurance expenses	5,870
Others (Note)	<u>17,661</u>
Total	<u>\$ 97,324</u>

Note: The amount of each item does not exceed 5% of the account balance.

NAM LIONG GLOBAL CORPORATION
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

Item	(In Thousands of New Taiwan Dollars)
<u>Item</u>	<u>Amount</u>
Salaries and bonus expense	\$ 95,178
Miscellaneous expenses	40,475
Depreciation expense	37,863
Others (Note)	<u>45,672</u>
Total	<u>\$219,188</u>

Note: The amount of each item does not exceed 5% of the account balance.

NAM LIONG GLOBAL CORPORATION
STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars)

For the Year Ended December 31

	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Salary	\$ 179,020	\$ 158,429	\$ 337,449	\$ 185,829	\$ 190,854	\$ 376,683
Labor insurance and national health insurance expense	18,939	16,762	35,701	18,264	16,453	34,717
Pension	6,427	8,212	14,639	6,327	8,202	14,529
Directors' remuneration	-	2,387	2,387	-	3,254	3,254
Other employee benefit expense	<u>40</u>	<u>1,858</u>	<u>1,898</u>	<u>159</u>	<u>2,308</u>	<u>2,467</u>
Employee benefit expense	<u>\$ 204,426</u>	<u>\$ 187,648</u>	<u>\$ 392,074</u>	<u>\$ 210,579</u>	<u>\$ 221,071</u>	<u>\$ 431,650</u>
Depreciation	<u>\$ 22,935</u>	<u>\$ 43,467</u>	<u>\$ 66,402</u>	<u>\$ 17,868</u>	<u>\$ 37,588</u>	<u>\$ 55,456</u>
Amortization	<u>\$ 175</u>	<u>\$ 885</u>	<u>\$ 1,060</u>	<u>\$ 176</u>	<u>\$ 1,242</u>	<u>\$ 1,418</u>

Note 1: In 2025 and 2024, the number of employees was 509 and 518 respectively, while the number of directors who were not employees was 5 and 4, respectively.

Note 2: The average employee benefit expenses in 2025 and 2024 were NT\$773 thousand and NT\$833 thousand, respectively.

Note 3: The average employees' salary expenses in 2025 and 2024 were NT\$670 thousand and NT\$733 thousand and NT\$672 thousand, respectively. It increased by 9%.

Note 4: (A) Directors: Remuneration of the Company's directors are based on industry standards and participation in the company's operations as well as value of contribution, and operating status of the Company. In addition, according to its Articles of Incorporation, if the Company makes a profit, the Board of Directors shall allocate remuneration no higher than 2% to directors and supervisors. Yet, a sum shall be set aside in advance to pay down any outstanding cumulative losses of the Company.

(B) Managers and employees: The remuneration of Company managers and compensation of employees are based on individual positions, education, work experience, professional knowledge and skills, as well as salary standards of the Company. There is also a performance evaluation to determine promotion and salary adjustments. In order to incentivize employees, the Company has various bonus programs based on the company's operating performance, as well as employee performance evaluation and contributions each year. In addition, according to its Articles of Incorporation, if the Company makes a profit, the Board of Directors shall allocate no lower than 3% remuneration to employees (no less than 1% and no more than 2% as employee remuneration in 2024), which shall be paid in either cash or shares. The recipients include employees of affiliates who meet the criteria. A sum shall also be set aside in advance to pay down any outstanding cumulative losses of the Company.

Note 5: The number of employees in Note 1 to Note 3 was calculated using the average number of employees in the current year, and the basis for calculation was consistent with employee benefit expense and salary.