

Taita Chemical Company, Ltd.
and subsidiaries

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

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Statement of Consolidated Financial Statements of Affiliated Companies

In 2025 (from January 1 to December 31, 2025), the "companies" required to be included in the consolidated financial statements of affiliates under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Financial Reporting Standards No. 10 (IFRS 10), and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the aforementioned consolidated financial statements of parent and subsidiary companies, thus the Company is not required to prepare separate consolidated financial statements of affiliates.

Sincerely,

Company Name: Taita Chemical Company, Ltd.

Chairman: Quintin Wu

March 11, 2026

Independent Auditors' Report

To: Taita Chemical Co., Ltd.:

Opinion

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

Based on the opinion of our accountant, the above-mentioned consolidated financial statements have been prepared in all material respects in accordance with the Financial Reporting Standards for Securities Issuers, as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, effectively expressing the financial position of Taita Chemical Co., Ltd. and its subsidiaries as of December 31, 2025 and 2024, as well as the consolidated financial performance and cash flows from January 1 to December 31, 2025 and 2024.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. The responsibilities of the CPA under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Taita Chemical Co., Ltd. and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in the professional judgment of the CPA, were of most significance in our audit of the 2025 Consolidated Financial Statements of Taita Chemical Co., Ltd. and its Subsidiaries. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Consolidated Financial Statements of Taita Chemical Co., Ltd. and its subsidiaries in 2025 are stated as follows:

Authenticity of the Recognition of Sales Revenue from Specific Customers

Due to changes in market supply and demand, Taita Chemical Co., Ltd. and its subsidiaries experienced a decline in sales revenue in 2025 compared to 2024. However, revenue derived from certain specific customers exhibited a contrary upward growth trend and was of material significance. The auditor assesses whether the sales revenue from these customers genuinely fulfills the contractual obligations, as this will have a significant impact on the consolidated financial report. Therefore, it has been classified as a key audit matter for this year.

For relevant accounting policies and disclosures of the recognition of sales revenue, please refer to Notes 4 and 23 of the financial statements.

We performed the corresponding audit procedures, for the authenticity of the recognition of sales revenue, as follows:

- 1) We understood and tested the Company's internal control procedures on the recognition of sales revenue and its effectiveness. Also, we evaluate the appropriateness of the accounting policies used by the management for the recognition of sales revenue.
- 2) We verify the authenticity of the recognition of sales revenue by examining the certificate of sales transactions, including purchase orders, shipping orders, export documents and collection information.
- 3) We review any occurrence of sales returns, discounts and allowances, and whether there are any abnormalities in the collections after the balance sheet date.

Other matters

The CPAs have also audited the Parent Company Only Financial Statements of Taita Chemical Co., Ltd. for 2025 and 2024, on which they have issued an unqualified opinion about the audit report.

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

To ensure that the Consolidated Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing fair-presentation Consolidated Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the IFRS, IAS, IFRIC Interpretations, and SIC Interpretations as endorsed and issued into effect by the Financial Supervisory Commission, and for preparing and maintaining necessary internal control procedures pertaining to the Consolidated Financial Statements.

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

The governing body including the audit committee is responsible for overseeing the financial reporting process of the Taita Chemical Co., Ltd. and its subsidiaries.

The CPA's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We have also completed the following jobs:

- 1) Identify and evaluate the risk of material misstatements due to fraud or error in the Consolidated Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for their audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that 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 internal control of the Taita Chemical Co., Ltd. and its subsidiaries.
- 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 ability of the Taita Chemical Co., Ltd. and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Taita Chemical Co., Ltd. and its subsidiaries to cease to continue as a going concern.
- 5) Evaluate the overall presentation, structure, and contents of the Consolidated Financial Statements (including relevant Notes), and whether the Consolidated Financial Statements fairly present relevant transactions and items.
- 6) Obtain sufficient and appropriate audit evidence of the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial report. The CPA is responsible for the guidance, supervision and implementation of the audit cases, and is responsible for forming the audit opinions of the Company.

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 the governing body, the CPA determines the key audit matters of the Consolidated Financial Statements in 2025 of the Taita Chemical Co., Ltd. and its subsidiaries. The CPA describes these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the CPA determines that a matter should not be communicated in the audit report because the adverse consequences of

doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

CPA Chen Chun-Hung

CPA Liu Yi-Ching

Financial Supervisory Commission Approval
Number

Jin-Guan-Zheng-Shen-Zi No. 0990031652

Financial Supervisory Commission Approval
Number

Jin-Guan-Zheng-Shen-Zi No. 1100356048

March 11, 2026

Notice to Readers:

The consolidated financial statement (Chinese version) of our company is audited by the CPA Chen Chun-Hung and CPA Liu Yi-Ching of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

Taita Chemical Company, Ltd. and subsidiaries

Consolidated Balance Sheets

December 31, 2025 and 2024

Unit: NT\$ 1,000

Code	Assets	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 669,196	8	\$ 886,216	9
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	133,467	2	421,006	4
1140	Financial assets at amortized cost - current (Notes 4, 9 and 30)	1,836,031	21	1,384,923	14
1150	Notes receivable (Notes 4 and 10)	128,102	2	293,745	3
1170	Accounts receivable (Notes 4 and 10)	1,464,925	17	2,142,437	22
1180	Accounts receivable from related parties (Notes 4, 10 and 29)	2	-	7,665	-
1200	Other receivables (Notes 4 and 10)	87,197	1	103,305	1
1210	Other receivables from related parties (Notes 4, 10 and 29)	179	-	1,569	-
1220	Current tax assets (Notes 4 and 25)	9,505	-	7,852	-
130X	Inventories (Notes 4 and 11)	881,597	10	1,137,638	12
1410	Prepayments and other current assets	91,869	1	118,807	1
11XX	Total current assets	<u>5,302,070</u>	<u>62</u>	<u>6,505,163</u>	<u>66</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive incomes - non-current (Notes 4 and 8)	167,724	2	162,437	2
1540	Financial assets at amortized cost - non-current (Notes 4 and 9)	-	-	45,608	-
1550	Investments accounted for using equity method (Notes 4, 5 and 13)	565,731	7	603,786	6
1600	Property, plant, and equipment (Notes 4, 14 and 29)	1,878,149	22	1,929,504	20
1755	Right-of-use assets (Notes 4, 15 and 29)	244,310	3	258,924	3
1760	Investment properties (Notes 4 and 16)	108,178	1	108,178	1
1840	Deferred income tax assets (Notes 4 and 25)	270,133	3	182,157	2
1990	Other non-current assets (Note 30)	32,638	-	43,820	-
15XX	Total non-current assets	<u>3,266,863</u>	<u>38</u>	<u>3,334,414</u>	<u>34</u>
1XXX	Total	<u>\$ 8,568,933</u>	<u>100</u>	<u>\$ 9,839,577</u>	<u>100</u>
	Liabilities and equity				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Note 17)	\$ 1,290,000	15	\$ 1,840,000	19
2110	Short-term notes and bills payable (Note 17)	99,981	1	-	-
2120	Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	209	-	-	-
2170	Accounts payable (Note 18)	625,390	7	912,740	9
2180	Accounts payable to related parties (Notes 18 and 29)	74	-	79	-
2200	Other payables (Note 19)	297,489	4	345,244	3
2220	Other payables from related parties (Note 29)	2,830	-	15,823	-
2230	Current tax liabilities (Notes 4 and 25)	-	-	18,095	-
2280	Lease liabilities - current (Notes 4, 15 and 29)	4,769	-	4,717	-
2365	Refund liabilities - current (Note 20)	1,539	-	1,215	-
2399	Other current liabilities	40,398	1	57,893	1
21XX	Total current liabilities	<u>2,362,679</u>	<u>28</u>	<u>3,195,806</u>	<u>32</u>
	Non-current liabilities				
2540	Long-term borrowings (Note 17)	150,000	2	-	-
2570	Deferred income tax liabilities (Notes 4 and 25)	249,121	3	260,756	3
2580	Lease liabilities - non-current (Notes 4, 15 and 29)	19,608	-	24,377	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 21)	28,450	-	56,105	1
2670	Other non-current liabilities	5,276	-	4,646	-
25XX	Total non-current liabilities	<u>452,455</u>	<u>5</u>	<u>345,884</u>	<u>4</u>
2XXX	Total liabilities	<u>2,815,134</u>	<u>33</u>	<u>3,541,690</u>	<u>36</u>
	Equity attributable to owners of the Company (Notes 13, 21 and 22)				
	Share capital				
3110	Common stock	3,975,868	47	3,975,868	40
3200	Capital surplus	3,954	-	3,242	-
	Retained earnings				
3310	Legal reserve	502,038	6	502,038	5
3320	Special reserve	308,061	3	308,061	3
3350	Unappropriated earnings	934,583	11	1,430,917	15
3300	Total retained earnings	<u>1,744,682</u>	<u>20</u>	<u>2,241,016</u>	<u>23</u>
3400	Other equity	29,295	-	77,761	1
3XXX	Total equity	<u>5,753,799</u>	<u>67</u>	<u>6,297,887</u>	<u>64</u>
Total		<u>\$ 8,568,933</u>	<u>100</u>	<u>\$ 9,839,577</u>	<u>100</u>

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

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Taita Chemical Company, Ltd. and subsidiaries

Consolidated Statement of Comprehensive Income

January 1 to December 31, 2025 and 2024

Unit: In Thousands of New Taiwan Dollars, except Loss per Share

Code		2025		2024	
		Amount	%	Amount	%
4100	Net revenue (Notes 4, 20, 23 and 29)	\$ 14,485,681	100	\$ 18,622,910	100
5110	Cost of goods sold (Notes 11, 14, 15, 21, 24 and 29)	<u>13,893,628</u>	<u>96</u>	<u>17,744,822</u>	<u>95</u>
5900	Gross profit	<u>592,053</u>	<u>4</u>	<u>878,088</u>	<u>5</u>
	Operating expenses (Notes 10, 14, 15, 21, 24 and 29)				
6100	Selling and marketing expenses	825,343	6	1,031,417	6
6200	Administrative expenses	171,272	1	178,314	1
6300	Research and development expenses	17,710	-	16,374	-
6450	Expected credit impairment loss	<u>1,403</u>	<u>-</u>	<u>12,951</u>	<u>-</u>
6000	Total operating expenses	<u>1,015,728</u>	<u>7</u>	<u>1,239,056</u>	<u>7</u>
6900	Net operating loss	(<u>423,675</u>)	(<u>3</u>)	(<u>360,968</u>)	(<u>2</u>)
	Non-operating income and expenses (Notes 7, 13, 16, 24 and 29)				
7100	Interest income	39,265	-	45,638	-
7010	Other income	40,194	-	38,346	-
7020	Other gains and losses	(92,593)	(1)	88,149	1
7060	Share of profit or loss of associates accounted for using equity method	(35,488)	-	(13,596)	-
7510	Financial costs	(<u>41,439</u>)	<u>-</u>	(<u>39,311</u>)	<u>-</u>
7000	Total non-operating income and expenses	(<u>90,061</u>)	(<u>1</u>)	<u>119,226</u>	<u>1</u>

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Code		2025		2024	
		Amount	%	Amount	%
7900	Loss before income tax	(\$ 513,736)	(4)	(\$ 241,742)	(1)
7950	Income tax gain (Notes 4 and 25)	(86,365)	(1)	(18,730)	-
8200	Net loss for the year	(427,371)	(3)	(223,012)	(1)
	Other comprehensive income (loss) (Notes 8, 13, 21, 22 and 25)				
8310	Items that will not be reclassified to profit or loss:				
8311	Remeasurement of defined benefit plans	12,225	-	28,835	-
8316	Unrealized gain (loss) on investments in equity instruments measured at fair value through other comprehensive income	5,287	-	(135,990)	(1)
8320	Share of other comprehensive income of associates accounted for using equity method - unrealized gain (loss) on investments in equity instruments measured at fair value through other comprehensive income	(3,781)	-	(30,160)	-
8330	Share of the other comprehensive profit or loss of associates accounted for using the equity method - remeasurement of defined benefit plans	774	-	4,398	-
8349	Income tax related to items that will not be reclassified to profit or loss	(2,445)	-	(5,767)	-
		<u>12,060</u>	<u>-</u>	<u>(138,684)</u>	<u>(1)</u>
8360	Items that may be reclassified to profit or loss:				
8361	Exchange Differences on Translating the Financial Statements of Foreign Operations	(64,604)	-	155,313	1

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Code		2025		2024	
		Amount	%	Amount	%
8371	Share of the other comprehensive income of associates accounted for using equity method - exchange differences on translation of foreign financial statements	\$ 2,147	-	\$ 7,537	-
8399	Income tax relating to items that may be reclassified to profit or loss	<u>12,485</u>	<u>-</u>	<u>(32,023)</u>	<u>-</u>
		<u>(49,972)</u>	<u>-</u>	<u>130,827</u>	<u>1</u>
8300	Other comprehensive incomes (losses) for the year (net of income tax)	<u>(37,912)</u>	<u>-</u>	<u>(7,857)</u>	<u>-</u>
8500	Total comprehensive income for the year	<u>(\$ 465,283)</u>	<u>(3)</u>	<u>(\$ 230,869)</u>	<u>(1)</u>
	Loss per share (Note 26)				
9710	Basic	<u>(\$ 1.07)</u>		<u>(\$ 0.56)</u>	
9810	Diluted	<u>(\$ 1.07)</u>		<u>(\$ 0.56)</u>	

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

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Taita Chemical Company, Ltd. and subsidiaries

Consolidated statement of changes in equity

January 1 to December 31, 2025 and 2024

Unit: NT\$ 1,000

Equity attributable to owners of the Company (Notes 13, 21 and 22)															
										Other equity					
		Share capital		Capital surplus			Retained earnings					Exchange Differences on Translating the Financial Statements of Foreign Operations		Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	
Code		Share (in thousands of shares)	Amount	Long-term equity investment	Other capital surplus	Total	Legal reserve	Special reserve	Unappropriated earnings	Total			Total	Total equity	
A1	Balance as of January 1, 2024	397,587	\$ 3,975,868	\$ 2,762	\$ 439	\$ 3,201	\$ 502,038	\$ 308,061	\$ 1,745,739	\$ 2,555,838	(\$ 153,014)	\$ 266,098	\$ 113,084	\$ 6,647,991	
B5	Appropriation of 2023 earnings Cash dividends to shareholders	-	-	-	-	-	-	-	(119,276)	(119,276)	-	-	-	(119,276)	
T1	Changes in capital surplus	-	-	41	-	41	-	-	-	-	-	-	-	41	
D1	Net loss for 2024	-	-	-	-	-	-	-	(223,012)	(223,012)	-	-	-	(223,012)	
D3	Other comprehensive incomes after tax for the year 2024	-	-	-	-	-	-	-	27,466	27,466	130,827	(166,150)	(35,323)	(7,857)	
D5	Total comprehensive income for the year 2024	-	-	-	-	-	-	-	(195,546)	(195,546)	130,827	(166,150)	(35,323)	(230,869)	
Z1	Balance at December 31, 2024	397,587	3,975,868	2,803	439	3,242	502,038	308,061	1,430,917	2,241,016	(22,187)	99,948	77,761	6,297,887	
B5	Appropriation of 2024 earnings Cash dividends to shareholders	-	-	-	-	-	-	-	(79,517)	(79,517)	-	-	-	(79,517)	
T1	Changes in capital surplus	-	-	21	691	712	-	-	-	-	-	-	-	712	
D1	Net loss for 2025	-	-	-	-	-	-	-	(427,371)	(427,371)	-	-	-	(427,371)	
D3	Other comprehensive incomes after tax for the year 2025	-	-	-	-	-	-	-	10,554	10,554	(49,972)	1,506	(48,466)	(37,912)	
D5	Total comprehensive income for the year 2025	-	-	-	-	-	-	-	(416,817)	(416,817)	(49,972)	1,506	(48,466)	(465,283)	
Z1	Balance at December 31, 2025	<u>397,587</u>	<u>\$ 3,975,868</u>	<u>\$ 2,824</u>	<u>\$ 1,130</u>	<u>\$ 3,954</u>	<u>\$ 502,038</u>	<u>\$ 308,061</u>	<u>\$ 934,583</u>	<u>\$ 1,744,682</u>	<u>(\$ 72,159)</u>	<u>\$ 101,454</u>	<u>\$ 29,295</u>	<u>\$ 5,753,799</u>	

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

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Taita Chemical Company, Ltd. and subsidiaries

Consolidated Statement of Cash Flows

January 1 to December 31, 2025 and 2024

Unit: NT\$ 1,000

Code		2025	2024
	Cash flows from operating activities		
A10000	Net loss before income tax for the year	(\$ 513,736)	(\$ 241,742)
A20010	Adjustments for:		
A20100	Depreciation expenses	214,021	215,622
A20200	Amortization expenses	-	498
A20300	Expected credit impairment loss	1,403	12,951
A22900	Gain on lease modification	(1,643)	-
A20400	Net loss on financial instruments measured at fair value through profit or loss	21,264	2,915
A20900	Financial costs	41,439	39,311
A21200	Interest income	(39,265)	(45,638)
A21300	Dividend income	(5,022)	(8,286)
A22300	Share of Profit or Loss from Equity Method Investees	35,488	13,596
A22500	Loss on disposal of property, plant and equipment	116	1,491
A23700	Allowance for inventory valuation and obsolescence loss (reversal gains)	12,922	(16,287)
A29900	Recognition of refund liabilities	8,640	8,649
A30000	Changes in operating assets and liabilities		
A31115	Financial assets measured at fair value through profit or loss	266,484	(262,743)
A31130	Notes receivable	154,284	(73,414)
A31150	Accounts receivable	647,795	(535,706)
A31160	Accounts receivable from related parties	7,663	(3,465)
A31180	Other receivables	15,178	(13,751)
A31190	Other receivables from related parties	1,390	3,369
A31200	Inventories	234,077	(10,494)
A31230	Prepayments and other current assets	23,289	(6,140)
A32150	Accounts payable	(285,641)	162,986
A32160	Accounts payable to related parties	(5)	30
A32180	Other payables	(46,453)	81,361
A32190	Other payables to related parties	(3,300)	1,691
A32230	Other current liabilities	(16,404)	(3,687)
A32240	Net defined benefit liability	(<u>15,430</u>)	(<u>15,700</u>)

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Code		2025	2024
A33000	Net cash inflow (outflow) from operating activities	\$ 758,554	(\$ 692,583)
A33100	Interest received	39,397	63,454
A33300	Interest paid	(41,563)	(38,800)
A33500	Income tax refund (paid)	(21,903)	6,472
AAAA	Net cash inflow (outflow) from operating activities	<u>734,485</u>	<u>(661,457)</u>
	Cash flows from investing activities		
B00040	Acquisition of financial assets measured at amortized cost	(904,624)	(1,493,127)
B00050	Disposal of financial assets measured at amortized cost	481,033	90,402
B01800	Acquisition of associates	-	(16,907)
B02700	Acquisition of property, plant and equipment	(168,743)	(190,685)
B02800	Disposal of property, plant and equipment	-	215
B03700	Increase in refundable deposits	(18,601)	(15,670)
B03800	Decrease in refundable deposits	34,867	103
B05350	Disposal of right-of-use assets	1,818	-
B06700	Increase in other non-current assets	(5,139)	-
B07600	Dividends received	6,750	12,316
BBBB	Net cash flow used in investing activities	<u>(572,639)</u>	<u>(1,613,353)</u>
	Cash flows from financing activities		
C00100	Increase (decrease) in short-term borrowings	(550,000)	1,015,000
C00500	Increase in short-term notes and bills payable	99,831	-
C01600	Proceeds from long-term borrowings	150,000	-
C03000	Increase in deposits received	686	-
C04020	Repayments of the principal portion of lease liabilities	(4,717)	(4,665)
C04300	Decrease in other non-current liabilities	-	(69)
C04500	Payments of cash dividends	(79,517)	(119,276)
C04400	Refund of unclaimed overdue cash dividends	119	1,067
CCCC	Net cash inflow (outflow) from financing activities	<u>(383,598)</u>	<u>892,057</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>4,732</u>	<u>57,640</u>
EEEE	Cash and cash equivalents decrease for the current year	(217,020)	(1,325,113)
E00100	Cash and cash equivalents at the beginning of period	<u>886,216</u>	<u>2,211,329</u>
E00200	Cash and cash equivalents at the end of period	<u>\$ 669,196</u>	<u>\$ 886,216</u>

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

Notice to Readers:

The consolidated financial statement (Chinese version) of our company is audited by the CPA Chen Chun-Hung and CPA Liu Yi-Ching of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail

Taita Chemical Company, Ltd. and subsidiaries

Notes to the Consolidated Financial Statements
January 1 to December 31, 2025 and 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. COMPANY HISTORY

Taita Chemical Co., Ltd. ("the Company") was founded in April 1960, mainly engaged in the manufacturing and sales of polystyrene (PS), acrylonitrile-butadiene-styrene copolymer (ABS) resin, acrylonitrile-styrene copolymer (San) resin, glass wool insulation products, plastic raw materials, and other processed products. The Company has become listed on the Taiwan Stock Exchange since 1986. The Company's parent company is USI Corporation, which held indirectly 36.79% of the common stocks of the Company as of December 31, 2025. USI Corporation has operational control over the Company.

The consolidated financial statements are presented in the New Taiwan dollar, the Company's functional currency.

2. AUTHORIZATION DATE AND PROCEDURES FOR FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 11, 2026.

3. APPLICATION OF NEWLY ISSUED AND AMENDED STANDARDS AND INTERPRETATIONS

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

Amendment to IAS 21, Lack of Exchangeability

The amendment to IAS 21 regarding "lack of exchangeability" is not expected to result in a significant change to the accounting policies of the Company.

b. IFRS Accounting Standards approved by the Financial Supervisory Commission applicable for the year 2026

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 9 and IFRS 7, "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026

(Continued on the next page)

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<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
"Annual Improvements to IFRS Accounting Standards - Volume 11"	January 1, 2026
IFRS 17 Insurance Contracts (including amendments from 2020 and 2021)	January 1, 2023

As of the date of authorization of the financial statements, the Company's assessment of the effects of amendments to other standards and interpretations should not cause material effects on the financial conditions and performance.

- c. IFRS Accounting Standard that has been issued by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date of Issuance by the IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 2)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (including the amendment in 2025)	January 1, 2027
Amendments to IAS 21 – "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027

Note 1: Unless otherwise specified, the aforementioned new/amended/revised standards and interpretations shall be effective for the annual reporting period after the specified dates.

Note 2: The FSC announced on September 25, 2025, that domestic enterprises should apply IFRS 18 starting from January 1, 2028, and may choose to adopt IFRS 18 early after it has been approved by the FSC.

IFRS 18 "Presentation and Disclosure in Financial Statements" and Related Consequential Amendments

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

- The Group shall assess whether it engages in specific principal operating activities, including investing in particular types of assets and providing financing to customers, and, based on such assessment, classify items of income and expenses

in the statement of profit or loss into operating, investing, financing, income tax, and discontinued operations categories.

- The income statement should present operating profit or loss, profit or loss before financing and income tax, and subtotals and totals of profit or loss.
- It should provide guidance to enhance aggregation and segmentation requirements: The Company is required to identify assets, liabilities, equity, revenue, expenses, and cash flows arising from individual transactions or other events, and classify and aggregate the items on the basis of common characteristics to enable each line item presented in the primary financial statements has at least one similar characteristic. Items with non-similar characteristics should be subdivided in the major financial statements and the notes thereto. The Company may classify the items as "others" only when a more informative classification is not available.
- Addition of disclosure of management-defined performance measures: When the Company engages in public communications outside financial statements and communicates with users of the financial statements about management's views on a particular aspect of the Company's overall financial performance, the Company should disclose information about management-defined performance measures in a separate note to the financial statements, including a description of the measure, how it is calculated, a reconciliation of the measure to the subtotals or totals prescribed by IFRSs, as well as the effect of the related reconciling items on income tax and non-controlling interests.

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

- When the Group prepares cash flows from operating activities using the indirect method, operating profit shall be used as the starting point for reconciliation.
- Interest and dividends received by the Group shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. Where the Group determines that it has specific principal operating activities, it shall consider the classification of dividend income, interest income, and interest expense presented in the statement of profit or loss in order to determine the classification of dividends received, interest received, and interest paid in the statement of cash flows. However, each of the aforementioned cash flows shall be classified within a single category of activities in the statement of cash flows.

In addition to the above effects, as of the date of authorized publication of the consolidated financial statements, the Company has continued to assess other effects of amendments to various standards and interpretations on its financial conditions and performance. Related impacts will be disclosed upon completion of the assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Compliance statement

The Consolidated Financial Statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligation less fair value of plan assets. The fair value measurements are grouped into Levels 1 to 3 based on the observability and significance of their input values:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.
- 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. deduced from prices).
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification standard 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 (not including the asset restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period).

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities are due to be settled within 12 months after the balance sheet date, and
- 3) Liabilities for which the Company does not have an actual right on the balance sheet date to defer settlement for at least 12 months after the balance sheet date.

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

d. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (i.e., subsidiaries). The financial statements of the subsidiaries have been adjusted to bring their accounting policies in line with those adopted by the Group. All intragroup transactions, balances, income, and expenses are eliminated in full upon consolidation.

For details on subsidiaries, shareholding ratios, and operating items, please refer to Note 12, Table 4, and Table 5.

e. Foreign currency

In the preparation of each individual financial statement, transactions denominated in a currency other than the entity's functional currency (i.e., foreign currency) are translated into the entity's functional currency by using the exchange rate at the date of the transaction before they are recorded by each entity.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate prevailing on the date when the fair value is measured. The resulting exchange difference shall be included in the current profit and loss. Where changes in the fair value are recognized in any other comprehensive incomes, it shall be recognized in the comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate on the date of the transaction.

In the preparation of the consolidated financial statements, the assets and liabilities of foreign operations (including subsidiaries and associates that operate in a country or currency different from the Company) are translated into the New Taiwan dollar at the closing rate of exchange prevailing on the balance sheet date. Income and expenses are translated at the average exchange rates for the period. The exchange difference arising are recognized in other comprehensive profit or loss.

f. Inventories

Inventories consist of raw materials, production supplies, finished goods, and work in progress. Inventories are measured at the lower of cost or net realizable value, and the comparison between costs and net realizable values is on individual item basis, except for inventories of the same type. The net realizable value is the estimated selling price

of inventories less the estimated cost to be amortized until completion and all costs necessary for the sale. Inventories are measured at the weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Group has significant influence other than a subsidiaries.

The Group accounts for investments in associates by using the equity method.

Under the equity method, investments in associates are initially recognized according to cost, and the carrying amount acquired in the future increases or decreases with the share and profit distribution of the profits or losses of the associates of the Group and other comprehensive profits and losses of the Group. In addition, equity changes in associates are recognized based on the shareholding ratio.

When associates issue new shares and the Group does not subscribe to such shares to the extent that its original shareholding ratio can be changed, and the net equity value of investment increases or decreases. Such difference is recorded as an adjustment to capital surplus - changes in the net equity value in associates under the equity method are recognized and other investments are made under the equity method. However, where the Company's ownership interest in an associate is reduced because of not subscribing or acquiring new shares in proportion to its present holdings, the proportionate amount of gain or loss previously recognized in any other comprehensive incomes related shall be reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of related assets or liabilities. If such adjustment is required to be debited to capital surplus and the capital surplus recognized from investments accounted for under the equity method is insufficient, the difference shall be debited to retained earnings.

The Group ceases to recognize further losses when its share of losses to the associates equals or exceeds its equity in the associates (including the carrying amount of the investments in associates under the equity method and the Group's other long-term equities that are substantially the component of the net investment in the associates). The Company recognizes additional losses and liabilities only in the scope where the legal obligations and constructive obligations exist, or payments are made on behalf of the associates.

To assess impairment, the Group has to consider the overall carrying amount of the investment as a single asset to compare the recoverable and carrying amounts for the

impairment test, and the recognized impairment loss is not allocated to any asset that forms the component of the carrying amount of the investment. The reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of investment.

The Group shall cease the use of the equity method from the date when its investment is no longer an associate. Its retained interest in the associate is measured at fair value and the difference between the fair value and disposal proceeds and the carrying amount of the investment on the date when the equity method was discontinued is included in profit or loss for the current period.

Profits and losses in upstream, downstream, and side-stream transactions between the Group and associates are recognized in the consolidated financial statements only when the profits and losses are irrelevant to the Group's interests in the associates.

h. Real property, plant and equipment

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

Property, plant, and equipment under construction are measured at cost less any recognized impairment loss. Costs include professional services fees and borrowing costs eligible for capitalization. Samples produced when these assets are tested for proper operation prior to their expected use are measured at low cost and net realization value, and their selling price and cost are recognized in profit or loss. Such assets are depreciated and divided into the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

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

i. Investment properties

Investment properties also include land held for currently undetermined future use. Investment properties also include land held for any currently undetermined future use.

The investment properties held by the Group are land, originally measured by cost (including transaction cost), and subsequently, recognized as no depreciation, measured by the amount of cost less cumulative impairment loss.

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

j. Intangible assets

Intangible assets with a limited-service life are initially measured at cost and subsequently measured at cost less cumulative amortization and cumulative impairment loss. Intangible assets are amortized on a straight-line basis within the useful life, and the Company reviews the estimated useful life, residual value and amortization method at least at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

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

k. Impairment of property, factory, equipment, right-of-use assets, investment property and intangible assets

On each balance sheet date, the Group reviews the carrying amounts of its property, plant, and equipment as well as right-of-use assets, investment property, and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest Company of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the fair value minus cost of sales or its value in use, whichever is higher. Where the recoverable amount of an individual asset or a cash-generating unit is lower than its carrying amount, the carrying amount of the asset or cash-generating unit shall be reduced to the recoverable amount, and the impairment loss shall be recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit

in prior years. The reversal of an impairment loss is recognized immediately in profit or loss.

1. Financial instruments

Financial assets and liabilities will be recognized in the consolidated balance sheets when the Group becomes a party to the contract of the financial instrument.

When showing the original financial assets and liabilities, if their fair value was not assessed based on profit or loss, it is the fair value plus the cost of transaction, that is, of its acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

The regular trading of financial assets shall be recognized and derecognized under trade date accounting.

a) Types of measurement

Financial assets held by the Group are classified as financial assets at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive profits or losses.

i. Financial assets measured at fair value through profit or loss

Financial asset is classified as at financial assets at FVTPL when such a financial asset is mandatorily classified. Financial assets mandatorily measured at fair value through profit or loss include equity instrument investments not designated by the Company to be measured at fair value through other comprehensive incomes, and debt instrument investments not subject to classification as measured at amortized cost or to be measured at fair value through other comprehensive incomes.

Financial assets at FVTPL are measured at fair value. Dividends and interest accrued are recognized in other income and interest income respectively, and profit or loss accrued from remeasurement are recognized in other gains or losses. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

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

- (i) Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flow; and
- (ii) The terms of the contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, time deposits with original maturity exceeding 3 month, notes receivable, accounts receivable, other accounts receivable, pledged financial assets and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

- (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 the financial assets.
- (ii) Financial assets that are not credit impairment from purchases or at the time of founding but subsequently become credit impairments shall be calculated by multiplying the effective interest rate in the reporting period after the credit impairment by the cost after the amortization of financial assets.

A credit-impaired financial asset refers to the situation where the issuer or debtor has experienced significant financial difficulties or defaults and therefore the debtor is likely to file for bankruptcy or declare financial restructuring, or the disappearance of an active market for that financial asset due to financial difficulties has occurred.

Cash equivalents include highly liquid time deposits and reverse repurchase agreements collateralized by bonds that can be readily converted into fixed amount of cash with limited risk of change in value. Cash equivalents are held to meet short-term cash commitments.

- iii. Investments in equity instruments at fair value through other comprehensive incomes

The Group may, at initial recognition, make an irrevocable decision to designate an equity instrument that is neither held for trading nor contingent consideration arising from a business combination to be measured at fair value through other comprehensive incomes.

Investments in equity instruments at FVTOCI are measured at fair value, and any subsequent fair value changes are recognized in other comprehensive incomes and accumulated in other equity. When the investment is disposed of, the cumulative profit or loss is directly transferred to retained earnings and not reclassified to profit or loss.

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

b) Impairment of financial assets

The impairment loss of financial assets (including accounts receivable) measured at amortized cost on the basis of expected credit losses are assessed by the Group on each balance sheet date.

Accounts receivable are recognized as lifetime expected credit loss (ECLs). Other financial assets are initially assessed for a significant increase in credit risk since their initial recognition. If there is no significant increase, then an expected credit loss is recognized based on a 12-month expected credit loss. If there is a significant increase, then an expected credit loss is recognized based on the lifetime expected credit loss.

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 the possible default of the financial instrument in the 12 months after the balance sheet date, and the expected credit loss during the lifetime represents the expected credit loss arising from all possible defaults of the financial instrument during the expected existence period.

For the purpose of internal credit risk management, under the premise that the collateral held is not under consideration, the Group determines that there is internal or external information indicating that the debtor cannot settle the debt, which represents that the financial assets have breached the contract.

The impairment loss of all financial assets is reduced based on the allowance account.

c) Derecognition of financial assets

The Group derecognizes the financial assets when the contractual rights to the cash flow from the said financial assets expire or when the Group transfers almost all the risks and rewards of ownership of the financial assets to other enterprises.

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

2) Financial liabilities

a) Subsequent measurement

Except the financial liabilities at fair value through profit or loss, all the financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 28.

b) Derecognition of financial liabilities

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

3) Derivative instruments

The derivatives entered into by the Group are forward foreign exchange contracts to manage the exchange rate risk of the Consolidated Company.

Derivatives are initially recognized at fair value on the date when the derivative contracts are entered into, and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a

derivative financial instrument is negative, the derivative is recognized as a financial liability.

m. Revenue recognition

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

Revenue from the sale of goods

Proceeds of sale are derived from sales of polystyrene (PS), acrylonitrile-butadiene-styrene copolymer (ABS) resins, acrylonitrile-styrene copolymer (SAN) resins, glass wool insulation products, plastic raw materials, and the related processed products. At the time of product delivery to the clients, the clients have the right to set the price and to use the goods and also have the main responsibility for resale, and assume the risk of obsolescence of the goods, and the Company recognizes the revenue at that time.

n. Leases

The Group assesses whether the contract is (or includes) a lease on the date of its establishment.

1) Where the Group is a lessor:

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

Under operating leases, lease payments after deducting lease incentives are recognized as revenue on a straight-line basis over the relevant lease term. The initial direct costs arising from acquisition of operating leases is added to the carrying amount of the underlying assets; and an expense is recognized for the lease on a straight-line basis over the lease term.

2) The consolidated company is the lessee

Except that the lease payments of the low value subject-matter assets and short-term leases applicable to recognition exemption are recognized as expenses on a straight-line basis during the lease period, other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

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 the lease liabilities. A right-of-use asset is separately presented on the balance sheets. The right-of-use assets shall be depreciated on a straight-line basis from lease commencement date to the end of the service life or the end of the lease term. Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. If the implicit interest rate of lease is easy to determine, the interest rate is used to discount the lease payment. If the interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used. Subsequently, the lease liabilities are measured on an amortized cost basis using the effective interest method, and the interest expense is apportioned during the lease term. If the change in the lease term results causes any change in the future lease benefits, the Company will measure the lease liabilities and adjust the right-of-use assets relatively. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasurement amount will be recognized in profit or loss. Lease liabilities are expressed separately in the balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the costs of those assets until 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 in profit or loss in the period in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

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

2) Post-employment benefits

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

The costs of defined benefits under the defined benefit pension plan (including service cost, net interest, and the remeasurement amount) are calculated based on the projected unit credit method. Net interests on service costs and net defined benefit liabilities are recognized as employee benefits at the time of existence. The remeasurement amount (including actuarial gain and loss and the return on plan assets after deducting interest) is recognized in other comprehensive profit and loss and presented in retained earnings during a period in which it occurs. It shall not be reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities are the deficit of the contribution made according to the defined benefit pension plan.

q. Income tax

Income tax expenses are the sum of current income tax and deferred income tax.

1) Current income tax

The Group determines the income (loss) of the current period in accordance with the laws and regulations in each income tax declaration jurisdiction and calculates the income tax payable (recoverable) accordingly.

A tax is levied on the unappropriated earnings pursuant to the Income Tax Act of the Republic of China and is recorded as an income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.

Adjustments to prior-year income taxes payable are shown in the income taxes of the current year.

2) Deferred income tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized to the extent that the taxable capital is available for writing off temporary differences and loss deductions.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deductible temporary differences associated with such investment when it is probable that

sufficient taxable income will be available to realize the such temporary difference, deferred income tax assets are recognized, but only to the extent of the amount that is expected to be reversed in the foreseeable future.

The carrying amount of the deferred income tax assets is re-examined at each balance sheet date and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets. A previously unrecognized deferred taxes asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected realization of assets or repayment of liabilities. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred tax assets and liabilities reflects the tax consequences arising from the manner in which the Company is expected to reclaim 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 incomes or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive incomes or directly in equity, respectively.

5. PRIMARY SOURCES OF UNCERTAINTIES IN MATERIAL ACCOUNTING JUDGMENTS, ESTIMATIONS AND ASSUMPTIONS

When the Group adopts accounting policies, the management must make judgments, estimates, and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from these estimates.

When the Company develops significant accounting estimates, it incorporates considerations of the potential impact of climate change, related government policies and regulations, and energy market volatility on cash flow projections, growth rates, discount rates, and profitability. The management will continue to review the estimates and underlying assumptions.

Primary Sources of Estimation Uncertainties

Estimation of damage compensation for associate's gas explosion incidents

The Company's associate, China General Terminal & Distribution Corporation ("CGTD"), recognized a provision for civil damages due to a gas explosion. The management considered the progress of the relevant civil and criminal procedures, settlements achieved, and legal advice to estimate the amount of the provision. However, the actual amount might differ from the current estimation.

6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and petty cash	\$ 363	\$ 340
Bank checks and demand deposits	455,109	505,076
Cash equivalents		
Time deposits	213,724	350,800
Reverse repurchase agreements collateralized by bonds	-	30,000
	<u>\$ 669,196</u>	<u>\$ 886,216</u>

The annual interest rates in time deposits and bonds for sale on the balance sheet date are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Time deposits	3.60% ~ 4.05%	4.25% ~ 4.81%
Reverse repurchase agreements collateralized by bonds	-	1.44%

7. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	<u>114年12月31日</u>	<u>113年12月31日</u>
<u>Financial assets mandatorily measured at fair value through profit or loss</u>		
Non-derivative financial assets		
- Domestic listed (OTC) shares	\$ 46,400	\$ 63,400
- Foreign unlisted shares	-	-
- Fund beneficiary certificates	30,000	296,774
- Beneficiary securities	57,067	60,832
	<u>\$ 133,467</u>	<u>\$ 421,006</u>
<u>Financial liabilities held for trading</u>		
Derivatives (not under hedge accounting)		
- Foreign exchange forward contracts	\$ 209	\$ -

Forward foreign exchange contracts that are not applicable to hedge accounting and have not been outstanding yet on the balance sheet date are as follows (December 31, 2024: None):

<u>December 31, 2025</u>	<u>Currency</u>	<u>Maturity period</u>	<u>Contract amount (in thousands)</u>
Forward foreign exchange sold	USD to TWD	2026.02.12~2026.03.05	USD 1,390/NTD 43,328

The main purpose of engaging in forward foreign exchange transactions by the consolidated company is to hedge against the risk of fluctuations in foreign currency assets and liabilities due to exchange rate movements. The forward foreign exchange contract held by the Group is not applicable to hedge accounting because it does not meet the effective hedging conditions.

8. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Investments in equity instruments</u>		
Domestic investments		
Listed (OTC) common stocks		
– USI Corporation	\$ 167,719	\$ 162,432
Unlisted (OTC) common stocks		
– Harbinger Venture Capital Corporation	<u>5</u>	<u>5</u>
Subtotal	167,724	162,437
Overseas investments		
Unlisted (OTC) common stocks		
– Budworth Investment Ltd	<u>-</u>	<u>-</u>
	<u>\$ 167,724</u>	<u>\$ 162,437</u>

The Group invests in the ordinary shares of the aforementioned companies for medium- and long-term strategic objectives and expects to make profits through long-term investments. If short-term fluctuations in the fair value of these investments were recognized in profit or loss, it would not be in line with the Group's strategy of holding these investments for long-term purposes. Therefore, the management chose to designate these investments as measured at fair value through other comprehensive income.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Current</u>		
Fixed-term deposits with original maturity over 3 months	\$ 1,831,031	\$ 1,381,923
Pledged certificates of deposit (Note 30)	<u>5,000</u>	<u>3,000</u>
	<u>\$ 1,836,031</u>	<u>\$ 1,384,923</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Non-current</u>		
Fixed-term deposits with original maturity over 3 months	<u>\$ -</u>	<u>\$ 45,608</u>

The range of market interest rates for the fixed-term deposits with original maturity over 3 months and the pledged certificates of deposit on the balance sheet date is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Fixed-term deposits with original maturity over 3 months	1.20% ~ 2.15%	1.70% ~ 2.25%
Pledged certificates of deposit (Note 30)	1.66%	1.66%

Refer to Note 30 for information related to the pledged financial assets at amortized cost.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE, AND OTHER RECEIVABLES

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Notes receivable (a)</u>		
Arising from operations	<u>\$ 128,102</u>	<u>\$ 293,745</u>
<u>Accounts receivable(a)</u>		
Measured at amortized cost		
Total carrying amount	\$ 1,479,292	\$ 2,155,698
Less: Allowance for impairment loss	(<u>14,367</u>)	(<u>13,261</u>)
	<u>\$ 1,464,925</u>	<u>\$ 2,142,437</u>
Accounts receivable from related parties (a) (Note 29)	<u>\$ 2</u>	<u>\$ 7,665</u>
<u>Other receivables (b)</u>		
Business tax refund receivable	\$ 56,235	\$ 84,732
Interest receivable	17,239	18,096
Claims receivable	13,106	-
Others	<u>617</u>	<u>477</u>
	<u>\$ 87,197</u>	<u>\$ 103,305</u>
Other receivables from related parties (Note 29)	<u>\$ 179</u>	<u>\$ 1,569</u>

a. Notes receivable and accounts receivable

The credit period for sales of merchandise by the Group ranges from 30 to 180 days, and the notes and accounts receivable are not interest-bearing. In order to mitigate credit risk, the management of the Group has assigned a dedicated team to handle the determination of credit line, approval of credit, and other monitoring procedures to ensure that appropriate action is taken to reclaim past-due receivables. Additionally, the Group has purchased credit insurance or, where necessary, obtained adequate collateral for some receivables, so as to mitigate the risk of financial losses due to delinquency. In addition, the Group reviews the recoverable amount of each individual receivable on the balance sheet date to ensure that adequate allowances are made for the irrecoverable receivables. Prior to accepting a new client, the credit quality of the prospect client is assessed through the internal credit rating system and the credit facilities of the prospect will be set, and the transaction history and financial position of the individual client are regularly reviewed. Through this approach, the management of the Group believes that the credit risk of the Group has been significantly reduced.

The Group recognizes loss allowances for accounts receivables based on the lifetime expected credit losses. The expected credit loss on trade receivables is estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of the current and forecast directions of economic conditions at the reporting date.

The Group writes off an account receivable when evidence indicates that the debtor is in severe financial difficulty and no reasonable recoverable amount can be anticipated by the Group. For written-off accounts receivable, the Group continues collection efforts with the subsequent recovered amounts recognized in profit or loss.

Loss allowances for notes and accounts receivable measured by the provision matrix are as follows:

December 31, 2025

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Total carrying amount	\$ 4,119	\$ 534,751	\$ 80,210	\$ 988,316	\$1,607,396
Loss allowance (lifetime ECL)	-	-	-	(14,367)	(14,367)
Amortized cost	<u>\$ 4,119</u>	<u>\$ 534,751</u>	<u>\$ 80,210</u>	<u>\$ 973,949</u>	<u>\$1,593,029</u>

December 31, 2024

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Total carrying amount	\$ 7,705	\$ 766,253	\$ 97,115	\$1,586,035	\$2,457,108
Loss allowance (lifetime ECL)	-	-	-	(13,261)	(13,261)
Amortized cost	<u>\$ 7,705</u>	<u>\$ 766,253</u>	<u>\$ 97,115</u>	<u>\$1,572,774</u>	<u>\$2,443,847</u>

Changes in loss allowance for accounts receivable are as follows:

	2025	2024
Beginning balance	\$ 13,261	\$ 3,035
Amounts written off	-	(2,933)
Expected credit impairment loss	1,403	12,951
Exchange difference	(297)	208
Ending balance	<u>\$ 14,367</u>	<u>\$ 13,261</u>

The aging of receivables (including related parties) was as follows:

	December 31, 2025	December 31, 2024
Not past due	\$ 1,350,921	\$ 2,308,065
Within 60 days past due	209,633	140,849
Over 60 days past due	46,842	8,194
Total	<u>\$ 1,607,396</u>	<u>\$ 2,457,108</u>

The above aging schedule was based on the number of days past due from the end of the credit term.

b. Other receivables

Other receivables of the Company as of December 31, 2025 and 2024 have been assessed for impairment losses on the basis of expected credit losses.

11. INVENTORIES

	December 31, 2025	December 31, 2024
Finished goods	\$ 431,877	\$ 599,359
Work in process	107,796	209,902
Raw materials	306,743	292,635
Supplies	35,181	35,742
	<u>\$ 881,597</u>	<u>\$ 1,137,638</u>

The cost of goods sold related to inventory for the years 2025 and 2024 were NT\$13,893,628 thousand and NT\$17,744,822 thousand respectively.

The cost of goods sold included a loss from inventory write-down to net realizable value of NT\$12,922 thousand and a gain from reversal of inventory write-down of NT\$16,287 thousand, for the years ended December 31, 2025 and 2024, respectively.

The increase in the net realizable value of inventory is due to the rise in the selling price of the inventory in the market.

12. SUBSIDIARY

Subsidiaries included in the consolidated financial statements

The entities involved in the preparation of the consolidated financial statements are listed as follows:

<u>Investor company</u>	<u>Name of subsidiary</u>	<u>Nature of business</u>	<u>Percentage of ownership interests and voting rights</u>		<u>Description</u>
			<u>December 31, 2025</u>	<u>December 31, 2024</u>	
The Company	TAITA (BVI) Holding Co., Ltd. (TAITA(BVI))	Investment holding company	100%	100%	-
TAITA (BVI)	Taita Chemical (Zhongshan) Co., Ltd. ("TTC (ZS)")	The derivatives from the production and sale of styrene polymer	100%	100%	1.
	Taita Chemical (Tianjin) Co., Ltd. ("TTC (TJ)")	The derivatives from the production and sale of styrene polymer	100%	100%	2.
	Zhangzhou Taita Chemical Co., Ltd. ("TTC (ZZ)")	The derivatives from the production and sale of styrene polymer	100%	100%	3.

Note 1: As of December 31, 2025, the amount of investment in Taita Zhongshan was US\$43,000 thousand and the company's surplus was transferred to the capital increase of US\$3,250 thousand in 2007. As of December 31, 2025, the Company's paid-in capital was US\$46,250 thousand.

Note 2: Till December 31, 2025, the amount of investment in Delta Tianjin was USD 26,000 thousand, and the company's surplus in 2012 was transferred to the capital increase of USD 1,350 thousand. Till December 31, 2025, the company's paid-in capital was USD 27,350 thousand. Due to the curtailing demand in the local market, the management of the Company decided to suspend the production of Delta Tianjin from April 2019.

Note 3: On December 3, 2020, the Board of Directors of the Company resolved to establish Delta Zhangzhou with an investment of RMB 314,000 thousand through Taita (BVI). Taita Zhangzhou was founded and registered on June 28, 2021. As of December 31, 2025, the paid-in capital of the company amounted to CNY306,950 thousand (USD48,580 thousand).

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Individually insignificant associates</u>		
Listed (OTC) company		
China General Plastics Corporation (CGPC)	\$ 153,125	\$ 173,215
Acme Electronics Corp. ("ACME")	46,019	47,353
Unlisted (non-OTC) company		
China General Terminal & Distribution Corporation (CGTD)	\$ 287,145	\$ 302,831
ACME Electronics (Cayman) Corp. (ACME (Cayman))	<u>79,442</u>	<u>80,387</u>
	<u>\$ 565,731</u>	<u>\$ 603,786</u>

Aggregate information of individually insignificant associates

	<u>2025</u>	<u>2024</u>
The ownership stake held by the Group		
Loss from continuing operations	(\$ 35,488)	(\$ 13,596)
Other comprehensive incomes	(1,634)	(18,225)
Total comprehensive (loss) income for the year	<u>(\$ 37,122)</u>	<u>(\$ 31,821)</u>

The percentages of ownership interests and voting rights of the Group in associates at the balance sheet date are as follows:

<u>Name of associate</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
CGPC	1.98%	1.98%
ACME	2.34%	2.34%
CGTD	33.33%	33.33%
ACME (Cayman)	4.42%	4.42%

For the business nature, primary business location and country of registration of these associates, please refer to Table 4 "Information on Investees".

The Board of Directors of Acme resolved to issue 30,000 thousand new shares with a par value of NT\$10 per share for a cash capital increase on June 14, 2022. Among them, 15% is reserved for subscription by qualified employees of Acme and its affiliated companies. The issue price of this cash capital increase is NT\$20 per share, and the reference date for capital increase is January 16, 2023. The Group has subscribed 547 thousand shares according to its original shareholding ratio, with an investment amount of NT\$10,931 thousand. The shareholding ratio has decreased from 2.43% to 2.34%.

Acme (Cayman) resolved at the board meeting on April 24, 2023 to carry out a cash capital increase and issue 11,054 thousand new shares at a par value of \$0.1 per share, with an issuance premium of \$0.81 per share. The Company did not participate in the aforementioned capital increase, and its shareholding ratio decreased from 5.39% to 4.42% after the capital increase. On November 26, 2024, ACME (Cayman) resolved to carry out a cash capital increase, issuing 6,000 thousand new shares at a par value of USD 0.1 per share, with a premium of USD 1 per share. The Company participated in the aforementioned capital increase based on its original shareholding of 4.42%, resulting in a capital increase of USD 265 thousand for ACME (Cayman).

Through long-term equity investment, the Group and its affiliates jointly hold more than 20% of the shareholdings of CGPC, ACME, ACME (Cayman) and have significant influence over each entity. Therefore, the Group adopted the equity method to evaluate the above investments.

Level 1 fair values of investments in associates with available published price quotations are summarized as follows:

Name of associate	December 31, 2025	December 31, 2024
CGPC	<u>\$ 126,102</u>	<u>\$ 137,618</u>
ACME	<u>\$ 141,760</u>	<u>\$ 136,769</u>

The profits and other comprehensive income shares enjoyed by the associated enterprises and consolidated companies under the equity method in the fiscal years 2025 and 2024 are recognized based on the audited financial reports of each associated enterprise during the same period.

14. REAL PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings	Machinery equipment	Transportation equipment	Miscellaneous Equipment	Construction in progress	Total
<u>Cost</u>							
Balance as of January 1, 2024	\$ 634,432	\$ 1,307,549	\$ 4,705,645	\$ 39,692	\$ 359,088	\$ 105,101	\$ 7,151,507
Addition	-	-	4,777	-	245	179,428	184,450
Disposal	-	(7,497)	(14,734)	(5,708)	(8,634)	-	(36,573)
Internal transfers	-	6,979	77,966	-	22,318	(107,263)	-
Exchange difference	-	22,542	35,055	911	2,124	946	61,578
Balance at December 31, 2024	<u>\$ 634,432</u>	<u>\$ 1,329,573</u>	<u>\$ 4,808,709</u>	<u>\$ 34,895</u>	<u>\$ 375,141</u>	<u>\$ 178,212</u>	<u>\$ 7,360,962</u>
<u>Accumulated depreciation and impairment</u>							
Balance as of January 1, 2024	\$ -	\$ 1,045,164	\$ 3,812,465	\$ 36,783	\$ 318,120	\$ 1,650	\$ 5,214,182
Disposal	-	(6,783)	(13,994)	(5,703)	(8,387)	-	(34,867)
Depreciation expenses	-	33,558	160,746	510	10,835	-	205,649
Exchange difference	-	18,444	25,469	775	1,720	86	46,494
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 1,090,383</u>	<u>\$ 3,984,686</u>	<u>\$ 32,365</u>	<u>\$ 322,288</u>	<u>\$ 1,736</u>	<u>\$ 5,431,458</u>
Carrying amounts at December 31, 2024	<u>\$ 634,432</u>	<u>\$ 239,190</u>	<u>\$ 824,023</u>	<u>\$ 2,530</u>	<u>\$ 52,853</u>	<u>\$ 176,476</u>	<u>\$ 1,929,504</u>

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Cost	Freehold land	Buildings	Machinery equipment	Transportation equipment	Miscellaneous Equipment	Construction in progress	Total
Balance as of January 1, 2025	\$ 634,432	\$ 1,329,573	\$ 4,808,709	\$ 34,895	\$ 375,141	\$ 178,212	\$ 7,360,962
Addition	-	-	4,306	-	527	154,003	158,836
Disposal	-	(119)	(75,104)	(1,740)	(1,577)	-	(78,540)
Internal transfers	-	16,965	209,582	-	13,424	(239,971)	-
Exchange difference	-	(8,829)	(13,579)	(360)	(753)	(475)	(23,996)
Balance at December 31, 2025	<u>\$ 634,432</u>	<u>\$ 1,337,590</u>	<u>\$ 4,933,914</u>	<u>\$ 32,795</u>	<u>\$ 386,762</u>	<u>\$ 91,769</u>	<u>\$ 7,417,262</u>
Accumulated depreciation and impairment							
Balance as of January 1, 2025	\$ -	\$ 1,090,383	\$ 3,984,686	\$ 32,365	\$ 322,288	\$ 1,736	\$ 5,431,458
Disposal	-	(107)	(75,068)	(1,740)	(1,509)	-	(78,424)
Depreciation expenses	-	30,632	162,093	216	11,286	-	204,227
Exchange difference	-	(7,103)	(10,028)	(307)	(676)	(34)	(18,148)
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 1,113,805</u>	<u>\$ 4,061,683</u>	<u>\$ 30,534</u>	<u>\$ 331,389</u>	<u>\$ 1,702</u>	<u>\$ 5,539,113</u>
Carrying amounts at December 31, 2025	<u>\$ 634,432</u>	<u>\$ 223,785</u>	<u>\$ 872,231</u>	<u>\$ 2,261</u>	<u>\$ 55,373</u>	<u>\$ 90,067</u>	<u>\$ 1,878,149</u>

Depreciation charges are set aside on a straight-line basis over their estimated useful lives shown as follows:

Buildings	
Factories	20-55 years
Offices and laboratories	26-35 years
Storage rooms	20-35 years
Storage tanks	8-35 years
Others	2-9 years
Machinery equipment	2-20 years
Transportation equipment	5-15 years
Miscellaneous Equipment	2-15 years

The Company's accounts do not include any collateral for property, plant and equipment.

15. LEASE AGREEMENTS

a. Right-of-use assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Carrying amount		
Land	<u>\$ 244,310</u>	<u>\$ 258,924</u>
	<u>2025</u>	<u>2024</u>
Depreciation expense for right-of-use assets		
Land	<u>\$ 9,794</u>	<u>\$ 9,973</u>

Except for the depreciation expense recognized, there was no material sublease, or impairment of the right-of-use assets of the Group in 2025 and 2024.

b. Lease liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Carrying amount		
Current	\$ <u>4,769</u>	\$ <u>4,717</u>
Non-current	\$ <u>19,608</u>	\$ <u>24,377</u>

The discount rate for lease liabilities was as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Land	1.10%	1.10%

c. Other lease information

Please refer to Note 16 for the agreement of the Group to lease investment properties as an operating lease.

	<u>2025</u>	<u>2024</u>
Short-term lease expenses	\$ <u>17,177</u>	\$ <u>18,883</u>
Lease expenses of low-value assets	\$ <u>10</u>	\$ <u>24</u>
Total cash outflow for leases	\$ <u>22,200</u>	\$ <u>23,920</u>

The Group elected to apply recognition to short-term leases, including offices, machinery equipment, and traffic and transportation equipment, and to low-value assets such as certain miscellaneous equipment. Therefore, related right-of-use assets and lease liabilities were not recognized for these leases.

16. INVESTMENT PROPERTY, NET

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Land	\$ <u>108,178</u>	\$ <u>108,178</u>

The investment properties of the Group is located in the Singbang Section of the Cianjhen District, and the Linyuan Industrial Park, where the land is designated for industrial use, so the comparable market is inactive and alternative reliable measurements of fair value are not available. Therefore, the fair values of these investment properties are not reliably measurable. The land of the former township factory of the Group is leased to CGTD, and the actual rental area is agreed upon, and collected on a monthly basis (please refer to Notes 24 and 29).

17. BORROWINGS

a. Short-term borrowings

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ <u>1,290,000</u>	\$ <u>1,840,000</u>

The annual interest rates for credit limit loans were 0.88% ~ 1.99% and 1.85% ~ 2.05% as of December 31, 2025 and December 31, 2024, respectively.

Some of the Group's loan agreements stipulate that the current ratio and debt ratio as stated on the financial statements shall not be less than a specified percentage, and that if such a percentage fails to be met, the Group shall propose improvement measures to the banks concerned. As of December 31, 2025, the Group has not violated the aforementioned financial ratios.

b. Short-term notes and bills payable (December 31, 2024: None)

	<u>December 31, 2025</u>
Commercial paper payable	\$ 100,000
Less: Discount on short-term notes and bills payable	(<u>19</u>)
	<u>\$ 99,981</u>

Outstanding commercial paper payable not yet due is as follows (December 31, 2024: None):

December 31, 2025

<u>Guaranteeing/accepting institution</u>	<u>Face value</u>	<u>Discount amount</u>	<u>Carrying amount</u>	<u>Interest Rate</u>
<u>Commercial paper payable</u>				
Ta Ching Bills Finance Corporation	<u>\$ 100,000</u>	<u>\$ 19</u>	<u>\$ 99,981</u>	1.74%

c. Long-term borrowings (December 31, 2024: None)

	<u>December 31, 2025</u>
<u>Unsecured borrowings</u>	
Line of credit borrowings	<u>\$ 150,000</u>

The annual interest rate of long-term loans of the Company is as follows (December 31, 2024: None):

	<u>December 31, 2025</u>
Credit borrowings	2.19%

In order to fund medium to long-term working capital needs, the Group signed medium to long-term loan agreements with banks. The loan agreements will subsequently expire before December 2028 and these credit lines are used cyclically during the validity

period. As of December 31, 2025, a total of NT\$150,000 thousand had been drawn down. Interest is payable monthly, and the principal will be repaid in two equal installments in June 2028 and December 2028.

Some of the Group's loan agreements stipulate that the current ratio and debt ratio as stated on the financial statements shall not be less than a specified percentage, and that if such a percentage fails to be met, the Group shall propose improvement measures to the banks concerned. Till December 31, 2025, the Company has not violated the aforementioned financial ratios.

18. ACCOUNTS PAYABLE

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Accounts payable (including related parties)</u>		
Arising from operations (Note 29)	<u>\$ 625,464</u>	<u>\$ 912,819</u>

The average credit period for accounts payable of the Group is 30 to 45 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

19. OTHER PAYABLES

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Freight charges payable	\$ 56,218	\$ 90,839
Salaries and bonuses payable	75,687	85,830
Utilities payable	36,997	40,627
Payables for commission	23,085	20,391
Equipment costs payable	13,682	13,896
Taxes payable	1,618	13,673
Payables for professional service expenses	9,214	11,446
Others	<u>80,988</u>	<u>68,542</u>
	<u>\$ 297,489</u>	<u>\$ 345,244</u>

20. REFUND LIABILITIES - CURRENT

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Sales discounts and allowances	<u>\$ 1,539</u>	<u>\$ 1,215</u>
	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 1,215	\$ 1,314
Provision	8,640	8,649
Returns and rebates	<u>(8,316)</u>	<u>(8,748)</u>
Ending balance	<u>\$ 1,539</u>	<u>\$ 1,215</u>

The refund provision is based on management's judgments and other known reasons for which estimated product returns and rebates may occur for the year ended. The provision is recognized as a reduction of operating income in the periods in which the related goods are sold.

21. POST-EMPLOYMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of the Group's subsidiary, TTC (ZS), in mainland China are members of a state-managed retirement benefit plan operated by the local government. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the schemes. The obligation of the Group with respect to this state-managed retirement benefit plan is limited to making specified contributions.

b. Defined benefit plans

The Company establishes its pension system in accordance with the Labor Standards Act, which is a defined benefit plan as administered by the government of the ROC. The pension payment is calculated based on years of service and the average monthly salary for the six months preceding the approved retirement date. Starting from November 1986, the Company allocates a specific rate (12% currently) of the total monthly salary of employees as pension contribution, which is administered by the Company's Supervisory Committee of Labor Retirement Reserve and deposited in a specialized account at the Bank of Taiwan in the name of the Committee. This specialized account is entrusted to the Bureau of Labor Funds, Ministry of Labor for management, and the Company has no authority to influence the investment policy and strategy.

The amounts of defined benefit plans included in the consolidated balance sheet are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present Value of Defined Benefit		
Obligation	\$ 343,191	\$ 369,626
Fair Value of Plan Assets	(<u>314,741</u>)	(<u>313,521</u>)
Net defined benefit liability	<u>\$ 28,450</u>	<u>\$ 56,105</u>

Changes in net defined benefit liabilities are as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net defined benefit liability
Balance as of January 1, 2024	<u>\$ 403,237</u>	<u>(\$ 302,597)</u>	<u>\$ 100,640</u>
Service Costs			
Service costs for the current period	1,610	-	1,610
Net Interest Expense (Income)	<u>4,873</u>	<u>(3,741)</u>	<u>1,132</u>
Recognized in profit or loss	<u>6,483</u>	<u>(3,741)</u>	<u>2,742</u>
Remeasurements			
Return on plan assets (excluding amounts included in net interest)	\$ -	(\$ 28,743)	(\$ 28,743)
Actuarial gain and loss			
- Changes in Financial Assumptions	(5,461)	-	(5,461)
- Experience Adjustments	<u>5,369</u>	<u>-</u>	<u>5,369</u>
Recognized in other comprehensive income	<u>(92)</u>	<u>(28,743)</u>	<u>(28,835)</u>
Contributions by the Employer	-	(18,442)	(18,442)
Benefits Paid on Plan Assets	<u>(40,002)</u>	<u>40,002</u>	<u>-</u>
Balance at December 31, 2024	<u>\$ 369,626</u>	<u>(\$ 313,521)</u>	<u>\$ 56,105</u>
Balance as of January 1, 2025	<u>\$ 369,626</u>	<u>(\$ 313,521)</u>	<u>\$ 56,105</u>
Service Costs			
Service costs for the current period	1,057	-	1,057
Net Interest Expense (Income)	<u>5,544</u>	<u>(4,838)</u>	<u>706</u>
Recognized in profit or loss	<u>6,601</u>	<u>(4,838)</u>	<u>1,763</u>
Remeasurements			
Return on plan assets (excluding amounts included in net interest)	-	(22,796)	(22,796)
Actuarial gain and loss			
- Changes in Financial Assumptions	2,379	-	2,379
- Experience Adjustments	<u>8,192</u>	<u>-</u>	<u>8,192</u>
Recognized in other comprehensive income	<u>10,571</u>	<u>(22,796)</u>	<u>(12,225)</u>
Contributions by the Employer	-	(17,193)	(17,193)
Benefits Paid on Plan Assets	<u>(43,607)</u>	<u>43,607</u>	<u>-</u>
Balance at December 31, 2025	<u>\$ 343,191</u>	<u>(\$ 314,741)</u>	<u>\$ 28,450</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	<u>2025</u>	<u>2024</u>
Cost of goods sold	\$ 1,620	\$ 2,495
Selling and marketing expenses	60	123
Administrative expenses	27	39
Research and development expenses	<u>56</u>	<u>85</u>
	<u>\$ 1,763</u>	<u>\$ 2,742</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- 1) Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in equity securities, debt securities, and bank deposits in domestic (foreign) banks through independent implementation and commissioned operations. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate of a 2-year time deposit with local banks.
- 2) Interest risk: The decrease in the interest rate of government bonds will increase the present value of defined benefit obligations, but the compensation on debt investment of plan assets will also increase accordingly, which will partially offset the impact on net defined benefit liabilities.
- 3) Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of plan participants. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligations is measured on the basis of certified actuaries, and major assumptions on the measurement date are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate	1.375%	1.500%
Average long-term salary adjustment rate	2.750%	2.750%

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate		
0.25% increase	(\$ <u>4,729</u>)	(\$ <u>5,329</u>)
0.25% decrease	<u>\$ 4,846</u>	<u>\$ 5,460</u>
Average long-term salary adjustment rate		
0.25% increase	<u>\$ 4,699</u>	<u>\$ 5,298</u>
0.25% decrease	(\$ <u>4,609</u>)	(\$ <u>5,197</u>)

As actuarial assumptions may be related to one another, the likelihood of fluctuation in a single assumption is not high. Therefore, the aforementioned sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligations.

As of December 31, 2025 and 2024, the Company expects to contribute NT\$18,000 thousand to the defined benefit plan within one year in each respective period. The weighted average duration of the Company's defined benefit obligations on December 31, 2025 and 2024 is 5.8 years and 5.9 years, respectively.

22. EQUITY

a. Ordinary share capital

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Number of shares authorized (in thousands)	<u>400,000</u>	<u>400,000</u>
Shares authorized	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>397,587</u>	<u>397,587</u>
Shares issued	<u>\$ 3,975,868</u>	<u>\$ 3,975,868</u>

The holders of issued ordinary shares with a par value of \$10 are entitled to the right to one vote and to receive dividends.

b. Capital surplus

Capital surplus which arises from the consideration received from issuance of shares (including consideration from issuance of ordinary shares) and donations may be used to offset a deficit, in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

Capital surplus arising from unpaid dividends due to overdue may be used to offset a deficit only. Capital surplus arising from investments in subsidiaries and associates accounted for using the equity method may not be used for any purpose.

c. Retained earnings and dividends policy

If the Company records net income after tax (NIAT) as indicated in its final annual accounts for the year, it can use it to cover any accumulated losses in previous years. If there is a balance remaining, ten percent of it shall be set aside as legal reserve, while the rest shall be considered as distributable profit. This distributable profit shall then be combined with the undistributed earnings accumulated over the previous years. Part of this combined amount shall be considered as or transferred to special reserve as required by the law or the authority in charge, and the balance shall be treated as accumulated distributable profit. The Board of Directors shall propose a profit distribution plan which is then submitted to the shareholders' meetings for approval. The meeting may retain all or part of it based on the business performance of the Company. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 24-8.

According to the Company's Articles of Incorporation, R&D requirements and business diversification are considered when allocating dividends as the Company's industry is at a maturity stage. Dividends paid to shareholders shall not be less than 10% of distributable profit in the current fiscal year and cash dividends shall not be less than 10% of the total dividends. However, dividends may be stopped if the distributable profit per share in the current fiscal year is less than NT\$ 0.1.

An appropriation of earnings to the legal reserve shall be made until the legal reserve balance reaches the total amount of paid-in capital of the Company. The legal reserve may be used to offset deficits. Where the Company incurs no loss, the portion of legal reserve exceeding 25% of the total paid-in capital may be capitalized as share capital and also distributed in cash.

The Company appropriated to and reversed from a special reserve in accordance with Jin-Guan-Zheng-Fa-Zi No. 1090150022.

The Company held its annual shareholders' meetings on May 28, 2025, and May 31, 2024, where the resolutions for the distribution of earnings for the fiscal years 2024 and 2023 were approved as follows:

	Earnings distribution plans		Dividends Per Share (TWD)	
	2024	2023	2024	2023
Cash dividends	\$ 79,517	\$ 119,276	\$ 0.2	\$ 0.3

The appropriation of earnings for 2025 had been proposed by the Company's Board of Directors on March 11, 2026, were as follows:

	<u>Earnings distribution plans</u>	<u>Dividends Per Share (TWD)</u>
Cash dividends	\$ 59,638	\$ 0.15

The distribution of earnings for the year 2025 is still subject to resolution in the annual shareholders' meeting to be held on May 28, 2026.

d. Special reserve

The Company reserved a special reserve on the first-time adoption of IFRSs as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Special reserve	<u>\$ 308,061</u>	<u>\$ 308,061</u>

The Company's amount of unrealized revaluation gain and cumulative adjustments transferred into retained earnings were \$279,270 thousand and \$160,233 thousand, respectively. The increase in retained earnings arising from the first-time adoption of IFRSs was not sufficient for the special reserve appropriation; thus, the Company appropriated a special reserve in the amount of \$308,061 thousand which was the net increase of retained earnings arising from the first-time adoption of IFRSs. As of December 31, 2025, there was no change in the special reserve.

e. Other equity items

1) Exchange Differences on Translating the Financial Statements of Foreign Operations

	<u>2025</u>	<u>2024</u>
Beginning balance	(\$ 22,187)	(\$ 153,014)
Incurred this year		
Exchange differences on translation of foreign financial statements	(64,604)	155,313
Share from associates accounted for using the equity method	2,147	7,537
Related income tax	<u>12,485</u>	<u>(32,023)</u>
Ending balance	<u>(\$ 72,159)</u>	<u>(\$ 22,187)</u>

Exchange differences on translating net assets of foreign operations from their functional currency into the Group's presentation currency, the New Taiwan dollar. The resulting exchange differences are recognized in other comprehensive income as exchange differences on translation of foreign financial statements.

- 2) Unrealized gains (losses) on financial assets at fair value through other comprehensive income

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 99,948	\$ 266,098
Incurring this year		
Unrealized gains (losses)		
Equity instruments	5,287	(135,990)
Share from associates accounted for using the equity method	(<u>3,781</u>)	(<u>30,160</u>)
Ending balance	<u>\$ 101,454</u>	<u>\$ 99,948</u>

23. REVENUE

	<u>2025</u>	<u>2024</u>
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 14,485,681</u>	<u>\$ 18,622,910</u>

Refer to Note 4 for description related to contracts with customers. Refer to Note 34 for segment revenue of major products and operation results.

24. LOSS BEFORE INCOME TAX

Net loss before income tax includes the following:

- a. Interest income

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 36,813	\$ 43,493
Financial assets measured at fair value through profit or loss (Note 7)	2,276	2,065
Others	<u>176</u>	<u>80</u>
	<u>\$ 39,265</u>	<u>\$ 45,638</u>

- b. Other income

	<u>2025</u>	<u>2024</u>
Rental income - operating lease (Notes 16 and 29)	\$ 10,014	\$ 24,457
Government subsidies	2,708	437
Dividend income		
Financial assets measured at fair value through profit or loss (Note 7)	2,000	2,998
Financial assets at fair value through other comprehensive profit and loss (Note 8)	3,022	5,288
Compensation Benefits	13,106	810
Others	<u>9,344</u>	<u>4,356</u>
	<u>\$ 40,194</u>	<u>\$ 38,346</u>

c. Other gains and losses

	<u>2025</u>	<u>2024</u>
Net loss on financial instruments measured at fair value through profit or loss (Note 7)	(\$ 21,264)	(\$ 2,915)
Net gain (loss) through foreign currency exchange	(66,386)	102,227
Loss on disposal and retirement of property, plant and equipment (Note 14)	(116)	(1,491)
Expenses for leasing assets	(4,671)	(4,460)
Others	(156)	(5,212)
	<u>(\$ 92,593)</u>	<u>\$ 88,149</u>

d. Exchange gains and losses

	<u>2025</u>	<u>2024</u>
Total exchange gains	\$ 178,065	\$ 161,713
Total exchange losses	(244,451)	(59,486)
Net gain (loss)	<u>(\$ 66,386)</u>	<u>\$ 102,227</u>

e. Financial costs

	<u>2025</u>	<u>2024</u>
Interest on bank loans	\$ 41,143	\$ 38,963
Interest on lease liabilities (Note 29)	296	348
	<u>\$ 41,439</u>	<u>\$ 39,311</u>

f. Depreciation and amortization

	<u>2025</u>	<u>2024</u>
Property, plant and equipment (Note 14)	\$ 204,227	\$ 205,649
Right-of-use assets (Note 15)	9,794	9,973
Intangible assets	-	498
Total	<u>\$ 214,021</u>	<u>\$ 216,120</u>
Aggregate depreciation expenses by function		
Cost of goods sold	\$ 201,696	\$ 202,183
Operating expenses	10,683	12,025
Other gains and losses	<u>1,642</u>	<u>1,414</u>
	<u>\$ 214,021</u>	<u>\$ 215,622</u>
Aggregate amortization expenses by function		
Cost of goods sold	\$ -	\$ 400
Administrative expenses	-	98
	<u>\$ -</u>	<u>\$ 498</u>

g. Employee benefit expenses

	<u>2025</u>	<u>2024</u>
Post-employment benefits (Note 21)		
Defined contribution plans	\$ 23,209	\$ 22,024
Defined benefit plans	<u>1,763</u>	<u>2,742</u>
	24,972	24,766
Other employee benefits	<u>502,752</u>	<u>534,353</u>
Total employee benefits expense	<u>\$ 527,724</u>	<u>\$ 559,119</u>
Aggregate employee benefit expenses by function		
Cost of goods sold	\$ 440,541	\$ 454,881
Operating expenses	<u>87,183</u>	<u>104,238</u>
	<u>\$ 527,724</u>	<u>\$ 559,119</u>

h. Employees' compensation and remuneration of directors

According to articles of association, the Company, if there is profit for the year, shall set aside no less than 1% of the profit as employees' compensation and no more than 1% of the profit as remuneration of directors. However, if there are still accumulated losses, the amount to be compensated should be retained in advance. In accordance with the amendment to the Securities and Exchange Act in August 2024, the Company has amended its Articles of Incorporation upon approval at the 2025 Annual General Shareholders' Meeting to stipulate that no less than 40% of the total amount of employee compensation to be distributed shall be allocated to non-managerial employees. The employees' compensation can be paid in shares or in cash. When the employees of the Company's subsidiaries meet specific requirements, they are also entitled to receive compensation in shares or cash. These requirements are set by the Board of Directors. Due to losses in the fiscal years 2025 and 2024, employee remuneration and director remuneration were not estimated.

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

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

25. INCOME TAX

a. Major components of income tax benefit recognized in profit or loss were as follows

	<u>2025</u>	<u>2024</u>
Current income tax		
In respect of the current year	\$ 3,148	\$ 20,527
Adjustments from previous years	<u>594</u>	<u>(6,048)</u>
	<u>3,742</u>	<u>14,479</u>
Deferred income tax		
In respect of the current year	(90,110)	(33,228)
Adjustments from previous years	<u>3</u>	<u>19</u>
	<u>(90,107)</u>	<u>(33,209)</u>
Income tax benefit recognized in profit or loss	<u>(\$ 86,365)</u>	<u>(\$ 18,730)</u>

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

	<u>2025</u>	<u>2024</u>
Loss before income tax	<u>(\$ 513,736)</u>	<u>(\$ 241,742)</u>
Income tax benefit calculated on the pre-tax net loss at the statutory rate	(\$ 100,894)	(\$ 24,213)
Fees that cannot be deducted from taxes	11,942	4,661
Tax-exempted income	(1,050)	(2,522)
Tax-exempt dividend income shall not be included in the deduction for losses.	1,350	2,464
Unrecognized deductible temporary difference	(1,780)	(1,074)
Unrecognized loss carry forwards	3,470	7,983
Adjustments from previous years	<u>597</u>	<u>(6,029)</u>
Income tax benefit recognized in profit or loss	<u>(\$ 86,365)</u>	<u>(\$ 18,730)</u>

b. Income tax recognized in other comprehensive income

	<u>2025</u>	<u>2024</u>
<u>Deferred income tax</u>		
Incurring this year		
– Exchange Differences on Translating the Financial Statements of Foreign Operations	\$ 12,485	(\$ 32,023)
– Remeasurement of defined benefit plans	(2,445)	(5,767)
Income tax recognized in other comprehensive income	<u>\$ 10,040</u>	<u>(\$ 37,790)</u>

c. Current income tax assets and liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Current income tax assets</u>		
Tax refunds receivable	<u>\$ 9,505</u>	<u>\$ 7,852</u>
<u>Current income tax liabilities</u>		
Income tax payable	<u>\$ -</u>	<u>\$ 18,095</u>

d. Deferred tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2025

	<u>Beginning balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Reclassification</u>	<u>Exchange differences</u>	<u>Ending balance</u>
<u>Deferred income tax assets</u>						
Temporary differences						
Allowance for inventory valuation	\$ 3,745	\$ 2,792	\$ -	\$ -	\$ 12	\$ 6,549
Allowance for impaired receivables	5,852	366	-	-	(126)	6,092
Defined benefit plans	10,874	(3,086)	(2,445)	-	-	5,343
Payables for annual leave	3,506	(803)	-	-	-	2,703
Others	1,705	(4)	-	-	-	1,701
Loss offsetting	25,682	(735)	(2,445)	-	(114)	22,388
	<u>156,475</u>	<u>91,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,745</u>
	<u>\$ 182,157</u>	<u>\$ 90,535</u>	<u>(\$ 2,445)</u>	<u>\$ -</u>	<u>(\$ 114)</u>	<u>\$ 270,133</u>
<u>Deferred income tax liabilities</u>						
Temporary differences						
Exchange differences on translating the financial statements of foreign operations	\$ 34,305	\$ -	(\$ 12,485)	\$ -	\$ -	\$ 21,820
Unrealized foreign exchange gain	7,610	(3,841)	-	-	-	3,769
Share of profit of foreign subsidiaries accounted for using the equity method	58,603	640	-	-	-	59,243
Differences on depreciation between finance and tax	122	(46)	-	-	-	76
Reserve for land revaluation increment tax	143,860	-	-	-	-	143,860
Unrealized net loss on sales	2,057	(161)	-	-	-	1,896
Deferred taxation on income during the preparation period	14,199	3,836	-	604	(182)	18,457
	<u>\$ 260,756</u>	<u>\$ 428</u>	<u>(\$ 12,485)</u>	<u>\$ 604</u>	<u>(\$ 182)</u>	<u>\$ 249,121</u>

2024

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Reclassification	Exchange differences	Ending balance
<u>Deferred income tax assets</u>						
Temporary differences						
Allowance for inventory valuation	\$ 6,992	(\$ 3,277)	\$ -	\$ -	\$ 30	\$ 3,745
Allowance for impaired receivables	3,081	2,588	-	-	183	5,852
Unrealized foreign exchange losses	5,346	(5,346)	-	-	-	-
Defined benefit plans	19,781	(3,140)	(5,767)	-	-	10,874
Payables for annual leave	3,452	54	-	-	-	3,506
Others	1,952	(247)	-	-	-	1,705
	40,604	(9,368)	(5,767)	-	213	25,682
Loss offsetting	82,951	72,653	-	-	871	156,475
	<u>\$ 123,555</u>	<u>\$ 63,285</u>	<u>(\$ 5,767)</u>	<u>\$ -</u>	<u>\$ 1,084</u>	<u>\$ 182,157</u>
<u>Deferred income tax liabilities</u>						
Temporary differences						
Exchange differences on translating the financial statements of foreign operations	\$ 2,282	\$ -	\$ 32,023	\$ -	\$ -	\$ 34,305
Unrealized foreign exchange gain	-	7,610	-	-	-	7,610
Share of profit of foreign subsidiaries accounted for using the equity method	41,296	17,307	-	-	-	58,603
Differences on depreciation between finance and tax	183	(61)	-	-	-	122
Reserve for land revaluation increment tax	143,860	-	-	-	-	143,860
Unrealized net loss on sales	795	1,262	-	-	-	2,057
Deferred taxation on income during the preparation period	-	3,958	-	10,185	56	14,199
	<u>\$ 188,416</u>	<u>\$ 30,076</u>	<u>\$ 32,023</u>	<u>\$ 10,185</u>	<u>\$ 56</u>	<u>\$ 260,756</u>

- e. Amount of the deductible temporary differences and unrecognized loss offsetting of deferred tax assets not recognized in the consolidated balance sheet

	December 31, 2025	December 31, 2024
Loss offsetting		
Maturity in 2026	\$ 20,323	\$ 20,323
Maturity in 2027	41,993	41,993
Maturity in 2028	24,368	24,368
Maturity in 2029	31,224	32,300
Maturity in 2030	14,069	-
	<u>\$ 131,977</u>	<u>\$ 118,984</u>
Unrecognized temporary difference		
- Loss on impairment of accounts receivable	\$ 67,074	\$ 68,412
- Impairment loss recognized on property, plant and equipment	65,462	74,277
	<u>\$ 132,536</u>	<u>\$ 142,689</u>

f. Unutilized loss carry forwards

As of December 31, 2025, information regarding loss carry forwards is as follows:

<u>Unutilized deduction balance</u>	<u>Last year of deduction</u>
\$ 20,323	2026
41,993	2027
24,368	2028
31,224	2029
14,069	2030
329,435	2033
452,939	2034
<u>456,354</u>	2035
<u>\$ 1,370,705</u>	

g. Income tax assessments

The Company's business income tax declaration case has been approved by the taxation and taxation authority for 2022.

h. Income tax related to subsidiaries are as follows:

- 1) Taita (BVI) is exempt from income tax for both 2025 and 2024 as a result of applicable local government tax exemptions.
- 2) Taita Zhongshan, Taita Tianjin, and Zhangzhou Taita comply with the regulations of the local enterprise income tax law, and the applicable tax rate is 25%.

26. LOSS PER SHARE

	Unit: NT\$ Per Share	
	<u>2025</u>	<u>2024</u>
Basic loss per share	(<u>\$ 1.07</u>)	(<u>\$ 0.56</u>)
Diluted loss per share	(<u>\$ 1.07</u>)	(<u>\$ 0.56</u>)

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

Net loss for the year

	<u>2025</u>	<u>2024</u>
Net loss used to calculate the basic and diluted loss per share	(<u>\$ 427,371</u>)	(<u>\$ 223,012</u>)

Number of Shares

	Unit: in thousands of shares	
	<u>2025</u>	<u>2024</u>
Weighted average number of ordinary shares used in the computation of basic and diluted loss per share	<u>397,587</u>	<u>397,587</u>

27. CAPITAL RISK MANAGEMENT

The Group conducts capital management to ensure continued operation of each business within the Group. On this premise, the Group aims to maximize the return to shareholders through optimization of the balance of debt and equity. The Group's overall strategy remains unchanged from the past year.

The capital structure of the Group consists of net debt and equity.

The senior management of the Group regularly reviews its capital structure. The review takes into consideration the costs of all sorts of capital and related risks. The Group finds balance in its overall capital structure by paying dividends, raising new debt, or repaying old debt, on the recommendation of its senior management.

28. FINANCIAL INSTRUMENTS

a. Information on fair value - financial instruments not measured at fair value

The Group's management believes that the carrying amounts of financial assets and financial liabilities that are not measured at fair value approximate the fair value, or the fair value cannot be measured appropriately.

b. Information on fair value - 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 measured at fair value through profit or loss</u>				
Investments in equity instruments				
- Domestic listed (OTC) shares	\$ 46,400	\$ -	\$ -	\$ 46,400
- Foreign unlisted shares	-	-	-	-
Fund beneficiary certificates	30,000	-	-	30,000
Beneficiary securities	<u>57,067</u>	<u>-</u>	<u>-</u>	<u>57,067</u>
Total	<u>\$ 133,467</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,467</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
- Domestic listed (OTC) shares	\$ 167,719	\$ -	\$ -	\$ 167,719
- Domestic unlisted (OTC) shares	-	-	5	5
- Foreign unlisted shares	-	-	-	-
Total	<u>\$ 167,719</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 167,724</u>
<u>Financial liabilities measured at fair value through profit or loss</u>				
Derivative instruments	<u>\$ -</u>	<u>\$ 209</u>	<u>\$ -</u>	<u>\$ 209</u>

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at fair value through profit or loss</u>				
Investments in equity instruments				
- Domestic listed (OTC) shares	\$ 63,400	\$ -	\$ -	\$ 63,400
- Foreign unlisted shares	-	-	-	-
Fund beneficiary certificates	296,774	-	-	296,774
Beneficiary securities	<u>60,832</u>	-	-	<u>60,832</u>
Total	<u>\$ 421,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 421,006</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
- Domestic listed (OTC) shares	\$ 162,432	\$ -	\$ -	\$ 162,432
- Domestic unlisted (OTC) shares	-	-	5	5
- Foreign unlisted shares	-	-	-	-
Total	<u>\$ 162,432</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 162,437</u>

In 2025 and 2024, there was no transfer between Level 1 and Level 2 fair value measurements.

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

Financial assets measured at fair value through other comprehensive income - equity instruments

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 5	\$ 6
Recognized in other comprehensive income (unrealized gain or loss on financial assets measured at fair value through other comprehensive income)	<u>-</u>	<u>(1)</u>
Ending balance	<u>\$ 5</u>	<u>\$ 5</u>

3) Valuation techniques and input values for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation techniques and Input values</u>
Derivatives - forward foreign exchange contracts	Discounted cash flow analysis: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and input values for Level 3 fair value measurement

To determine the fair value for Level 3 financial instruments, the Group's investment department conducts independent fair value verification using external resources so as to better reflect the market conditions, as well as periodically reviewing the valuation results in order to guarantee the rationality of the measurement. The fair value of the unlisted equity investment held by the Company domestically and abroad is evaluated by the asset-based approach, and its fair value is determined by referring to the latest net value of the investment company and its observable financial and operating conditions; the unobservable input value used on December 31, 2025 and 2024 is a liquidity discount of 15%.

c. Categories of financial instruments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss — mandatorily classified as at fair value through profit or loss	\$ 133,467	\$ 421,006
Financial assets measured at amortized cost (Note 1)	4,156,897	4,824,556
Financial assets at fair value through other comprehensive income - investments in equity instruments	167,724	162,437
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	\$ 2,388,459	\$ 3,014,383
Financial liabilities at fair value through profit or loss — held for trading	209	-

Note 1: The balance includes cash and cash equivalents, fixed-term deposits with original maturity over 3 months, pledge certificates of deposit, notes receivable and accounts receivable (including related parties), other receivables (including related parties, excluding business tax refunds receivable) and deposits and other financial assets measured at amortized cost.

Note 2: The balance includes financial liabilities at amortized cost, which includes short-term and long-term borrowings, short-term notes payable, accounts payable (including related parties), and other payables (including related parties, excluding salaries payable and taxes payable).

d. Financial risk management objectives and policies

The risk control and hedging strategy adopted by the Group are subject to the operating environment. Nevertheless, the Group has implemented proper risk management and control procedures based on business nature in accordance with the principle of risk diversification. These risks include market risks (such as exchange rate risk, interest rate risk, and other price risk), credit risks, and liquidity risk.

1) Market risk

The main market risks facing the Group due to its business activities are risks of changing exchange rates, changing interest rates, and changing other prices.

No changes occurred in the Group's exposure to the market risk of financial instruments or its management and measurement of this risk exposure.

a) Exchange rate risk

The Group conducts sales and purchases denominated in foreign currency and, therefore, exposes itself to the exchange rate risk. In order to avoid decreases in the value of foreign currency assets and fluctuations in future cash flows due to changing exchange rates, the Group hedges the exchange rate risk by holding foreign currency assets and liabilities and making forward contracts based on foreign currency net positions. The use of forward foreign exchange contracts are regulated by the relevant policy authorized by the Board of Directors of the Group. The compliance with the policy and risk exposure limits are continually reviewed by internal auditors. The Group does not participate in forward contract transactions for speculative purpose.

For the Group's monetary assets and liabilities, denominated in non-functional currencies on the balance sheet date (including the monetary items and non-functional currencies written off in the consolidated financial statements), please refer to Note 32.

Sensitivity analysis

The sensitivity analysis of the exchange rate risk conducted by the Group mainly focuses on the calculation for monetary items of foreign currency (primarily the USD items) at end of the reporting period. When the functional currency of the merged entity appreciates/depreciates against the US dollar by 3%, the pre-tax net loss of the Group for the fiscal years 2025 and 2024 will increase/decrease by NT\$20,580 thousand and NT\$33,075 thousand.

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

b) Interest rate risk

The Group was exposed to the fair value risk of interest rate fluctuations for the fixed interest rate bearing financial assets and financial liabilities; the Group was exposed to the cash flow risk of interest rate fluctuations for the floating interest rate bearing financial assets and financial liabilities. The Group's management regularly monitors the fluctuations on market rates and then adjusted its balance of floating rate bearing financial liabilities to make the Group's interest rates more closely approach market rates in response to the interest rate risk.

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Fair value interest rate risk		
- - Financial assets	\$ 2,064,755	\$ 1,840,504
- - Financial liabilities	1,264,358	1,529,094
Cash flow interest rate risk		
- - Financial assets	418,164	482,820
- - Financial liabilities	300,000	340,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rate risk of cash flow for both financial assets and liabilities at the end of the reporting period. The fixed-rate financial assets and liabilities held by the Group are not included in the analysis as they are all measured at amortized cost. A 0.5% fluctuation in interest rate was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Assuming all other variables remain constant, a 0.5% increase/decrease in market interest rates will result in an decrease/increase of NT\$591 thousand and NT\$714 thousand, respectively, in the Group's pre-tax net loss for the fiscal years 2025 and 2024.

c) Other price risk

The Group was exposed to price risk through its investments in domestic listed/OTC shares, foreign and domestic unlisted/non-OTC shares, beneficiary securities and mutual funds. The Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a dedicated team to monitor price risk.

Sensitivity analysis

Sensitivity analysis is based on the price of marketable securities at the balance sheet date. However, in the financial assets of the Group measured at fair value through profit or loss, the risk of the price volatility of the monetary market funds is very low, so it is not included in the analysis.

If the equity price rises/falls by 5%, the pre-tax net loss for the fiscal years 2025 and 2024 will decrease/increase by NT\$5,173 thousand and NT\$7,042 thousand, respectively, due to the increase/decrease in the fair value of financial assets measured at fair value through profit or loss (excluding money market fund investments). In the 2025 and 2024 fiscal years, pre-tax other comprehensive income will increase/decrease by NT\$8,386 thousand and NT\$8,122 thousand, respectively, due to the increase/decrease in fair value of financial assets measured at fair value through other comprehensive income.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The counterparties of the Company's accounts receivable included numerous clients distributed over a variety of areas and were not centered on a single client or location. Furthermore, the Company continuously assesses the financial condition of its customers, and then the Company's credit risk was limited. As at the end of the reporting period, the Group's largest exposure of credit risk approximates to the carrying amount of financial assets.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods based on the probable earliest repayment dates. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

December 31, 2025

	Weighted average interest rate (%)	On demand or less than 1 year	1-5 years	5+ years
<u>Non-derivative</u>				
<u>financial liabilities</u>				
Non-interest bearing liabilities		\$ 848,478	\$ -	\$ -
Lease liabilities	1.10	5,013	20,052	-
Floating interest rate liabilities	1.53	154,497	156,540	-
Fixed interest rate liabilities	1.95	<u>1,242,360</u>	<u>-</u>	<u>-</u>
		<u>\$ 2,250,348</u>	<u>\$ 176,592</u>	<u>\$ -</u>

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1-5 years	5-10 years
Lease liabilities	<u>\$ 5,013</u>	<u>\$ 20,052</u>	<u>\$ -</u>

December 31, 2024

	Weighted average interest rate (%)	On demand or less than 1 year	1-5 years	5+ years
<u>Non-derivative</u>				
<u>financial liabilities</u>				
Non-interest bearing liabilities		\$ 1,174,383	\$ -	\$ -
Lease liabilities	1.10	5,013	20,052	5,013
Floating interest rate liabilities	1.98	343,176	-	-
Fixed interest rate liabilities	1.98	<u>1,503,411</u>	<u>-</u>	<u>-</u>
		<u>\$ 3,025,983</u>	<u>\$ 20,052</u>	<u>\$ 5,013</u>

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1-5 years	5-10 years
Lease liabilities	<u>\$ 5,013</u>	<u>\$ 20,052</u>	<u>\$ 5,013</u>

b) Financing limit

Bank borrowing is an important source of liquidity for the Group. The unused loan amount of the consolidated company on the balance sheet date is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Bank loan limit		
– Amount unused	<u>\$ 3,414,272</u>	<u>\$ 3,251,675</u>

29. RELATED PARTY TRANSACTIONS

The Company's ultimate parent is USI Corporation, which held 36.79% of the common stocks of the Company as of December 31, 2025 and 2024.

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related parties and their relationship with the Group

<u>Name of related party</u>	<u>Relationship with the Group</u>
USI	Ultimate parent company
Union Polymer International Investment Corporation (UPIIC)	Parent company
CGPC	Associate
China General Plastics (ZhongShan) Co., Ltd. (CGPCZS)	Associate
CGPC Polymer Corporation (CGPCPOL)	Associate
Taiwan VCM Corporation (TVCM)	Associate
CGTD	Associate
Asia Polymer Corporation (APC)	Fellow subsidiary
Swanson Plastics Corporation (SPC)	Fellow subsidiary
Swanson Plastics (Kunshan) Co., Ltd. (SPK)	Fellow subsidiary
USI Management Consulting Corp. (UM)	Fellow subsidiary
USI Green Energy Corporation (SG)	Fellow subsidiary
USI Education Foundation (USIF)	Related party in substance
Delmind Inc. (Delmind)	Related party in substance (as of September 12, 2025, classified as non-related party)

b. Sales

Related party category/name	2025	2024
Ultimate parent company	<u>\$ 2,598</u>	<u>\$ 19,344</u>

The Company's credit period of sales of goods to related parties was from 30 days after delivering the products. The sales of goods between the Company and its related parties had no material differences from those of general sales transactions.

c. Purchases

Related party category/name	2025	2024
Associate	\$ -	\$ 2,562
Fellow subsidiary	<u>2,376</u>	<u>709</u>
	<u>\$ 2,376</u>	<u>\$ 3,271</u>

The payment term for the Group's purchases of goods from related parties is 30 days after acceptance, and there is no significant difference in the transaction terms and prices from those in general markets.

d. Receivables from related parties (excluding loans to related parties)

Related party category/name	December 31, 2025	December 31, 2024
Ultimate parent company	<u>\$ 2</u>	<u>\$ 7,665</u>

The outstanding accounts receivable from related parties were unsecured. No impairment loss was recognized.

e. Payables to related parties (excluding loans from related parties)

Related party category/name	December 31, 2025	December 31, 2024
Fellow subsidiary	<u>\$ 74</u>	<u>\$ 79</u>

The outstanding accounts payable from related parties are not overdue and not guaranteed.

f. Other related party transactions

1) Rental income (classified as other income, Notes 16 and 24)

Related party category/name	2025	2024
Associate		
CGTD	\$ 8,640	\$ 17,177
TVCM	<u>275</u>	<u>6,125</u>
	8,915	23,302
Fellow subsidiary	<u>258</u>	<u>266</u>
	<u>\$ 9,173</u>	<u>\$ 23,568</u>

- 2) Rental expenses (classified as operating costs, selling and marketing expenses and general and administrative expenses)

<u>Related party category/name</u>	<u>2025</u>	<u>2024</u>
Ultimate parent company		
USI	<u>\$ 5,021</u>	<u>\$ 4,893</u>
Fellow subsidiary		
APC	<u>1,660</u>	<u>2,463</u>
Associate		
CGPCZS	1,102	1,198
CGPC	<u>266</u>	<u>266</u>
	<u>1,368</u>	<u>1,464</u>
	<u>\$ 8,049</u>	<u>\$ 8,820</u>

The Group leased offices and parking spaces in Neihu from USI and APC. The rentals were set according to the actual rental area and paid on a monthly basis.

- 3) Lease arrangements

<u>Related party category/name</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Lease liabilities - current</u>		
Fellow subsidiary		
APC	<u>\$ 4,769</u>	<u>\$ 4,717</u>
<u>Lease liabilities - non-current</u>		
Fellow subsidiary		
APC	<u>\$ 19,608</u>	<u>\$ 24,377</u>
<u>Related party category/name</u>	<u>2025</u>	<u>2024</u>
<u>Total lease payment</u>		
Fellow subsidiary		
APC	<u>\$ 5,013</u>	<u>\$ 5,013</u>
<u>Interest expenses</u>		
Fellow subsidiary		
APC	<u>\$ 296</u>	<u>\$ 348</u>

The Group leases land in Linyuan for factory use from APC and pays the rent on a monthly basis.

- 4) Storage tank operating expenses (classified as operating costs)

<u>Related party category/name</u>	<u>2025</u>	<u>2024</u>
Associate		
CGTD	<u>\$ 150</u>	<u>\$ 9,459</u>

The Group appointed CGTD to handle the storage tank operating procedures of styrene monomer and butadiene, such as transportation, storage and loading. The

storage tank operating expenses were paid on a monthly basis.

5) Management service income (classified as other income)

Related party category/name	2025	2024
Ultimate parent company		
USI	<u>\$ -</u>	<u>\$ 1,048</u>

6) Management service expenses (classified as administrative expenses)

Related party category/name	2025	2024
Fellow subsidiary		
UM	\$ 73,318	\$ 70,344
Ultimate parent company	<u>4,877</u>	<u>2,873</u>
	<u>\$ 78,195</u>	<u>\$ 73,217</u>

The management service expenses paid to UM mainly consist of the services including human resources and equipment and are paid on time based on the actual expenses incurred and costs incurred.

7) Donation expenses (classified as general and administrative expenses)

Related party category/name	2025	2024
Substantive related party		
USIF	<u>\$ 2,000</u>	<u>\$ -</u>

To fulfill its corporate social responsibility and support public educational initiatives, the Company donated NT\$2,000 thousand to the USIF in March 2025.

8) Green electricity expenses (classified as cost of goods sold)

Related party category/name	2025	2024
Fellow subsidiary		
UG	<u>\$ 4,142</u>	<u>\$ -</u>

9) Miscellaneous expenses (classified as cost of goods sold and administrative expenses)

Related party category/name	2025	2024
Fellow subsidiary	\$ 2,029	\$ 2,027
Associate	1,188	1,005
Ultimate parent company	<u>5</u>	<u>8</u>
	<u>\$ 3,222</u>	<u>\$ 3,040</u>

10) Acquisition of property, plant and equipment

<u>Related party category/name</u>	<u>2025</u>	<u>2024</u>
Substantive related party	\$ <u> -</u>	\$ <u>10,173</u>

11) Other receivables

<u>Related party category/name</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Associate	\$ 44	\$ 1,495
Fellow subsidiary	134	74
Ultimate parent company	<u>1</u>	<u>-</u>
	<u>\$ 179</u>	<u>\$ 1,569</u>

Other receivables primarily consist of advance expenses and rental receivables.

12) Other payables

<u>Related party category/name</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Substantive related party	\$ -	\$ 9,693
Associate	624	3,005
Ultimate parent company	1,467	2,142
Fellow subsidiary	<u>739</u>	<u>983</u>
	<u>\$ 2,830</u>	<u>\$ 15,823</u>

Other payables included storage tank operating expense payables, rental expense payable and the allocation of service department costs payables.

g. Remuneration of key management personnel

Total remuneration for the Directors and other key management personnel is as follows:

	<u>2025</u>	<u>2024</u>
Salaries and others	\$ 16,630	\$ 15,358
Post-employment benefits	<u>-</u>	<u>36</u>
	<u>\$ 16,630</u>	<u>\$ 15,394</u>

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

30. ASSETS PLEDGED OR MORTGAGED AS COLLATERAL

The following assets were provided as collateral for fuel purchases and the tariffs of imported raw materials and goods (Note 9):

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Pledged certificates of deposit		
– Classified as financial assets at amortized cost - current	5,000	3,000
– Classified as other non-current assets	<u>15,000</u>	<u>32,173</u>
	<u>\$ 20,000</u>	<u>\$ 35,173</u>

31. MATERIAL CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

In addition to those disclosed in other notes, the Group has material contingent liabilities and unrecognized contractual commitments at end of the reporting period as follows:

- a. As of December 31, 2025 and 2024, the Company has unused letter of credit balances of NT\$78,000 thousand and NT\$132,000 thousand, respectively.
- b. Explanation for the Kaohsiung gas explosion incident:

The Group's investee company CGTD, adopting equity method was entrusted to operate the propylene pipeline of LCY CHEMICAL CORP. (hereinafter referred to as LCY), experienced a gas explosion on the evening of July 31, 2014. The criminal part of the gas explosion case was rejected by the Supreme Court on September 15, 2021, and the 3 employees of CGTD were found innocent.

On February 12, 2015, CGTD reached an agreement with the Kaohsiung City Government to provide a bank fixed deposit of NT\$238,306 thousand (including interest) as collateral for the losses incurred from the gas explosion incident. Kaohsiung City Government has also filed civil lawsuits against LCY, CGTD and CPC Corporation. Taiwan Power Company applied for provisional attachment against CGTD's property on August 27 and November 26, 2015. CGTD had deposited cash of NT\$ 99,207 thousand to the court to avoid provisional attachment. Taiwan Water Corporation also applied for provisional attachment against CGTD's property on February 3 and March 2, 2017. As of February 28, 2026, the provisionally attached bank balance of CGTD was worth NT\$6,401 thousand.

For the victims of the gas explosion, CGTD, LCY and the Kaohsiung City Government signed a tripartite agreement for severe injuries on July 17, 2015 agreeing to negotiate the compensation first with the 32 severely injured victims, agreeing to negotiate compensation in advance for all the heirs and claimants of the 32 victims (hereinafter referred to as the families of the victims), paying the families of the victims NT\$12,000 thousand for each victim, with a total settlement of NT\$384,000 thousand. The compensation was advanced by LCY, who was in charge of negotiating the compensation with the victims' families and signing the settlement agreement on behalf of the three parties involved. And as separately agreed by the parties on August 10, 2022, NT\$157,347 thousand, accounting for 30% of the negligent liability decided in the first instance, shall be paid to LCY, and the rest shall be done after the ruling of the civil action.

As for the seriously injured, CGTD, LCY and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 65 seriously injured victims' families on October 25, 2017. Compensation was paid by CGTD and the Kaohsiung City Government, and CGTD was in charge of negotiating the compensation with the seriously injured victims' families and signing the settlement agreement on behalf of the three parties with the 64 seriously injured victims' families.

As of February 28, 2026, victims, injured parties, or their relatives have filed civil (including criminal-related civil) lawsuits seeking compensation from LCY, CGTD, and CPC Corporation for the Kaohsiung gas explosion incident. In order to reduce litigation costs, China Interocean Transport, Inc. has reached a settlement agreement for a compensation amount of NT\$46,677 thousand in the original claim, with a settlement compensation amount of NT\$4,519 thousand. The compensation amount still in the lawsuit and the settlement amount for the victims and the seriously injured as mentioned in the previous paragraph amounted to \$3,831,211 thousand. The first-instance judgments of some of the above-mentioned civil cases (with a total amount of compensation of approximately NT\$1,616,883 thousand) have been gradually announced, starting from June 22, 2018. The proportion of fault liability of the Kaohsiung City Government, LCY and CGTD is 4 : 3 : 3 in most judgments. The total amount of compensation that CGTD, LCY and the other defendants should pay is around NT\$489,861 thousand. (In particular, CGTD was exempted from paying NT\$6,194 thousand according to the court's judgment.)

The civil cases that have been adjudicated in the first instance and not settled, CGTD has filed an appeal for the second instance. The second instance has rendered judgments since July 10, 2024. As of February 28, 2026, there have been a total of 9 cases in the Kaohsiung City Government's claims cases that have been adjudicated in the second instance (with a claim amount of approximately NT\$1,137,677 thousand). Among them, 8 cases have determined that CGTD should bear joint and several liabilities with LCY at a fault responsibility ratio of 10% (5 cases) or 20% (3 cases). The total amount of compensation that CGTD should bear jointly with LCY is NT\$79,726 thousand. In addition, 1 case has determined that CGTD should bear the fault responsibility ratio of 10% alone, and the amount of compensation that CGTD should pay alone is NT\$297 thousand. In addition, in the cases of Taiwan Power Company's claims (claim amount of NT\$265,822 thousand) and the National Health Insurance Administration's claims (claim amount of NT\$35,688 thousand) and Taiwan Water Corporation's claims (claim

amount of NT\$28,643 thousand) that have been adjudicated in the second instance, it has been determined that CGTD should bear joint and several liabilities with LCY for a compensation amount of NT\$120,143 thousand. The aforementioned second-instance cases have been adjudicated, and except for those that are not eligible for appeal to the third instance, CGTD has filed appeals to the third instance for all other cases. The remaining cases are still under review in the first-instance court (with a requested compensation amount of approximately NT\$1,711,504 thousand).

Based on the negligence liability ratio determined by the relevant court rulings for this gas explosion incident, the estimated settlement amount for fatalities and severe injuries, as well as compensation for civil lawsuits (including settled cases), has been calculated. After deducting the maximum insurance coverage, the estimated amount to be borne by CGTD has been recorded at NT\$136,375 thousand. However, the actual amount of the aforementioned relevant settlements and compensation will not be confirmed until the proportion of the liabilities that should be borne by CGTD is determined in the civil case judgment in the future.

32. INFORMATION ON FOREIGN CURRENCY ASSETS AND LIABILITIES WITH MATERIAL IMPACT

The following summary is presented in foreign currencies other than the functional currency. The exchange rate disclosed in the summary refers to the exchange rate of a foreign currency to the functional currency. Information on foreign currency assets and liabilities with material impact is as follows:

December 31, 2025

	Foreign currency	Exchange rate	Functional currency	TWD
Foreign currency assets				
<u>Monetary items</u>				
USD	\$ 44,914	31.4300 (USD: NTD)	\$ 1,411,637	\$ 1,411,637
CNY	2,447	4.4716 (CNY: NTD)	10,944	10,944
AUD	1,427	21.0100 (AUD: NTD)	29,978	29,978
HKD	849	4.0380 (HKD:NTD)	3,427	3,427
CNY	288	0.1423 (RMB: USD)	41	1,288
Foreign currency liabilities				
<u>Monetary items</u>				
USD	13,493	31.4300 (USD: NTD)	424,083	424,083
USD	9,595	7.0288 (USD: CNY)	67,439	301,559
<u>Non-monetary items</u>				
Derivative instruments				

USD	1,390	31.4300	(USD: NTD)	209	209
<u>December 31, 2024</u>					
	Foreign currency	Exchange rate		Functional currency	TWD
<u>Foreign currency assets</u>					
<u>Monetary items</u>					
USD	\$ 64,512	32.7850	(USD: NTD)	\$ 2,115,017	\$ 2,115,017
AUD	1,011	20.3900	(AUD: NTD)	20,605	20,605
HKD	673	4.2220	(HKD: NTD)	2,840	2,840
CNY	288	0.1391	(RMB: USD)	40	1,313
<u>Foreign currency liabilities</u>					
<u>Monetary items</u>					
USD	21,755	32.7850	(USD: NTD)	713,247	713,247
USD	9,128	7.1884	(USD: RMB)	65,617	299,268

The Group recognized net foreign exchange losses (including both realized and unrealized) of NT\$66,386 thousand and net foreign exchange gains of NT\$102,227 thousand, respectively. Due to the wide variety of foreign currency transactions, it is not possible to disclose the exchange gains and losses by significant currency types.

33. NOTES DISCLOSURE

- a. Information on material transactions:
 - 1) Lending funds to others. (None)
 - 2) Providing endorsements or guarantees for others. (Table 1)
 - 3) Significant marketable securities held at the end of the period (excluding investments in subsidiaries and associates). (Table 2)
 - 4) Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more. (None)
 - 5) Accounts receivable from related parties reaching NT\$100 million or 20 percent of paid-in capital or more. (Table 3)
 - 6) Others: The business relationships and significant transactions and amounts between parent and subsidiaries and between subsidiaries. (Table 6)
- b. Information on investees. (Table 4)
- c. Information on investments in mainland China:
 - 1) Name of investees, principal business activities, paid-in capital, investment methods, capital remittance and repatriation, percentage of ownership, profit (loss) on investments, carrying amounts of investments at end of the period, repatriation

of investment income, and maximum limits on the amount of investments in mainland China. (Table 5)

- 2) Material 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 are as follows:
 - a) The amount and percentage of purchases and the ending balance and percentage of the related payables. (None)
 - b) The amount and percentage of sales and the ending balance and percentage of the related receivables. (None)
 - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - d) The ending balance of negotiable instrument endorsements or guarantees or pledges of collateral and the purposes. (Table 1)
 - e) The highest balance, ending balance, interest rate range, and total current period interest with respect to financing of funds. (None)
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services. (None)

34. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. According to IFRS 8 "Operating Segments", the Company should disclose the segment information of styrenic products and glasswool products (including curved surface printing products).

a. Segment revenue and operating results

The revenue and operating results of continuing operations of the Group are analyzed by reportable segments as follows:

	Segment revenue		Department gains	
	2025	2024	2025	2024
Styrenic products	\$ 13,927,320	\$ 18,074,639	(\$ 459,441)	(\$ 414,789)
Glasswool products (including flexography).	558,361	548,271	35,766	53,821
Total amount from continuing operations	<u>\$ 14,485,681</u>	<u>\$ 18,622,910</u>	(423,675)	(360,968)
Interest income			39,265	45,638
Other income			40,194	38,346
Other gains and losses			(92,593)	88,149
Share of profit or loss of associates accounted for using equity method			(35,488)	(13,596)

Financial costs	(<u>41,439</u>)	(<u>39,311</u>)
Net loss before tax from continuing operations	(<u>\$ 513,736</u>)	(<u>\$ 241,742</u>)

The revenue reported above arose from the transactions with external customers. There were no transactions between the departments in 2025 and 2024.

The profits (losses) of the departments refer to the profits (losses) earned by the departments, excluding interest income, other income, other gains and losses, finance costs, the shares of profits and losses of the associates under the equity method, etc. This measured amount is for the chief operating decision maker to allocate resources to each segment and assess their performance.

Since the segment information reported to the chief operating decision maker does not include assets of individual segments, nor does it include the measured amount of the operating segment's assets in the financial information.

b. Other information of the departments

	<u>Depreciation and amortization</u>	
	<u>2025</u>	<u>2024</u>
Styrenic products	\$ 195,773	\$ 195,542
Glasswool products (including flexography).	<u>18,248</u>	<u>20,578</u>
	<u>\$ 214,021</u>	<u>\$ 216,120</u>

c. Revenue from main products

The analysis of the revenue from the main products of the continuing operations of the Group is as follows:

	<u>2025</u>	<u>2024</u>
EPS	\$ 6,513,715	\$ 9,394,341
ABS	4,084,971	4,668,373
GPS	3,322,921	4,007,738
Glass wool products	558,361	548,271
IPS	<u>5,713</u>	<u>4,187</u>
	<u>\$ 14,485,681</u>	<u>\$ 18,622,910</u>

d. Region-specific information

The revenue from the continuing operations of the Group from external clients is classified according to the country of domicile of the clients, and non-current assets are listed by the regions of the asset as follows:

	Revenue from external clients		Non-current assets	
			2025	2024
	2025	2024	December 31	December 31
Asia	\$ 11,133,985	\$ 14,527,370	\$ 2,230,637	\$ 2,296,606
The Americas	1,551,456	1,912,369	-	-
Africa	1,482,086	1,697,756	-	-
Europe	88,295	214,088	-	-
Others	229,859	271,327	-	-
	<u>\$ 14,485,681</u>	<u>\$ 18,622,910</u>	<u>\$ 2,230,637</u>	<u>\$ 2,296,606</u>

Non-current assets refer to property, plant, equipment, right-of-use assets, and investment property.

e. Important information of the clients

No revenue of the Company in 2025 and 2024 accounted for more than 10% of net sales revenue of clients, so there is no need for disclosure.

TABLE1.**Taita Chemical Company, Ltd. and subsidiaries****Providing endorsements or guarantees for others****For the Year Ended 2025****Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise**

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/Guarantee Given on Behalf of Each Party (Note 2)	Maximum Ending Balance of Endorsement/Guarantee for the Period (Note 1)	Ending Balance of Endorsement/Guarantee (Note 1)	Amount actually drawn	Amount of endorsement/guarantee collateralized by properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity in Latest Financial Statements (%)	Maximum Endorsement/Guarantee Amount Allowable (Note 2)	Endorsement /Guarantee given by the parent to subsidiaries	Endorsement /Guarantee given by subsidiaries to the parent	Endorsement /Guarantee given to entities in mainland China
		Name of associate	Relationship										
0	The Company	TAITA (BVI)	Subsidiary with 100% voting shares directly owned by the Company	\$ 5,753,799	\$ 94,290	\$ 94,290	\$ -	\$ -	1.64	\$ 8,630,699	Yes	No	No

Note 1: The foreign currency amount is calculated based on the spot exchange rate as of December 31, 2025.

Note 2: The maximum total endorsement/guarantee shall not exceed 150% of the equity attributable to owners of the Company. The endorsement/guarantee on behalf of other company shall not exceed 100% of the equity attributable to owners of the Company.

The maximum total endorsement/guarantee shall not exceed 200% of the equity attributable to owners of the Group. The endorsement/guarantee on behalf of other company shall not exceed 150% of the equity attributable to owners of the Group.

TABLE2.**Taita Chemical Company, Ltd. and subsidiaries****Significant Marketable Securities Held at the End of the Period
December 31, 2025****Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise**

Holding company	Type and name of marketable securities	Relationship with the securities issuer	Account items	End of period				Notes
				Shares/Units	Carrying amount	Percentage of ownership (%)	Fair value	
The Company	<u>Stock</u> USI	Ultimate parent company	Financial assets measured at fair value through other comprehensive income - non-current	15,109,901	\$ 167,719	1.27	\$ 167,719	Note 1
	Harbinger Venture Capital Corporation	—	"	990	5	0.50	5	Note 3
	Taiwan Cement Corporation	—	Financial assets at FVTPL - current	2,000,000	46,400	0.03	46,400	Note 1
	<u>Fund beneficiary certificates</u> Fubon Money Market Fund	—	Financial assets at FVTPL - current	1,909,770	30,000	-	30,000	Note 2
	<u>Beneficiary securities</u> Cathay No. 1 Real Estate Investment Trust Fund	—	Financial assets at FVTPL - current	3,963,000	57,067	-	57,067	Note 1
TAITA (BVI)	<u>Stock</u> Budworth Investment Ltd.	—	Financial assets measured at fair value through other comprehensive income - non-current	20,219	-	2.22	-	Note 4
	Teratech Corporation	—	Financial assets at FVTPL - non-current	112,000	-	0.74	-	Note 4
	Sohoware Inc. - preferred shares	—	"	100,000	-	-	-	Note 4

Note 1: The fair value is calculated based on the closing prices at Taiwan Stock Exchange on the last trading day of December 2025.

Note 2: The fair value is calculated based on the net assets value of each fund on the last trading day of December 2025.

Note 3: The fair value is measured through the asset-based approach, taking into account the most recent net asset value and observable financial and operating status of the investee.

Note 4: As of December 31, 2025, the Company evaluates the fair value of the equity instrument as \$0.

TABLE3.**Taita Chemical Company, Ltd. and subsidiaries**

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more.

December 31, 2025

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

Company accounted for under receivables	Counterparty	Relationship	Ending balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Amounts Received in Subsequent Period (Note 2)	Allowance for bad debts
					Amount	Action Taken		
The Company	TTC (TJ)	Subsidiary	Other receivables \$ 286,899 (Notes 1 and 3)	-	\$ 286,899	Ongoing collection	\$ -	\$ -

Note 1: The other receivables of the Company are from selling raw materials to Taita Chemical (Tianjin) Co., Ltd., and have been transferred to other receivables since it had exceeded the normal credit term by a certain period.

Note 2: As of March 11, 2025, no payments have been received.

Note 3: At the time of the preparation of the consolidated financial report, it had been fully written off.

TABLE4.**Taita Chemical Company, Ltd. and subsidiaries****Information on investees
For the Year Ended 2025****Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise**

Investor company	Name of investee	Location	Primary business	Original investment amount		End-of-period holdings			Profit (loss) for the period of the Investee	Profit (loss) on investment recognized for the period	Notes (Note 1)
				End of the current period	Ending balance of the previous period	Number of Shares	Percentage (%)	Carrying amount			
The Company	TAITA (BVI)	British Virgin Islands	Investment holding company	\$ 2,820,465	\$ 2,820,465	89,738,000	100.00	\$ 3,224,792	\$ 3,201	\$ 3,201	Subsidiary (Note 2)
	CGPC	Taipei, Taiwan	Manufacture and sale of PVC plastic cloth and three-time processed products	65,365	65,365	11,516,174	1.98	153,125	(918,980)	(18,214)	Investments accounted for using the equity method
	CGTD	Taipei, Taiwan	Warehousing and transportation of petro chemical raw materials	41,082	41,082	25,053,468	33.33	287,145	(37,788)	(12,596)	Investments accounted for using the equity method
	ACME	Taipei, Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	55,702	55,702	4,991,556	2.34	46,019	(66,382)	(1,556)	Investments accounted for using the equity method
TAITA (BVI)	ACME (Cayman)	British Cayman Islands	Investment holding company	70,092	70,092	3,225,693	4.42	79,442	(70,700)	-	Investments accounted for using the equity method

Note 1: The calculation of the investees was based on their audited financial statements for the same period.

Note 2: At the time of the preparation of the consolidated financial report, it had been fully written off.

Note 3: For information on investees in mainland China, please refer to Table 5.

TABLE5.**Taita Chemical Company, Ltd. and subsidiaries****Information on Investments in Mainland China
For the Year Ended 2025****Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise**

Investee in mainland China	Primary business	Paid-in Capital	Investment methods	Accumulated investment amount remitted from Taiwan at beginning of period	Investment amount remitted or repatriated for the period		Accumulated investment amount remitted from Taiwan at end of period	Profit (loss) for the period of the Investee (Note 6)	Ownership of direct or indirect investment (%)	Investment Gain (Loss) (Note 6)	End-of-period investment book value (Note 6)	Accumulated repatriation of investment income as of September 30, 2023
					Remitted	Repatriated						
TTC (ZS) (Note 7)	Manufacturing and sale of polystyrene derivatives	\$ 1,453,638 (Note 1)	Investments through a holding company registered in a third region	\$ 1,351,490	\$ -	\$ -	\$ 1,351,490	\$ 1,444	100.00	\$ 1,444	\$ 1,907,675	\$ -
TTC (TJ) (Notes 7 and 8)	Manufacturing and sale of polystyrene derivatives	859,611 (Note 2)	Investments through a holding company registered in a third region	817,180	-	-	817,180	(6,760)	100.00	(6,760)	(207,911)	-
TTC (ZZ) (Note 7)	Manufacturing and sale of polystyrene derivatives	1,526,856 (Note 3)	Investments through a holding company registered in a third region	-	-	-	-	11,497	100.00	11,497	1,425,818	-
ACME Electronics (Kunshan)	Manufacturing and sales of manganese-zinc soft ferrite core	965,687	Investments through ACME Electronics (Cayman) Corp. registered in a third region	42,557	-	-	42,557	3,085	4.42	136	28,798	-

Accumulated investment amount in mainland China remitted from Taiwan at end of period	Investment amounts authorized by Department of Investment Review, MOEA	Maximum investment amount in mainland China as stipulated by Department of Investment Review, MOEA
\$ 2,211,227	\$ 3,954,438(Note 4)	\$ -(Note 5)

Note 1: TTC (ZS) resolved to issue share dividends of US\$3,250 thousand in 2007.

Note 2: TTC (TJ) resolved to issue share dividends of US\$1,350 thousand in 2012.

Note 3: TTC (ZZ) was registered for the year 2021, and Taita (BVI) injected US\$48,580 thousand into TTC (ZZ) on March 8, 2022.

Note 4: The amount distributed from share dividends included US\$3,250 thousand from TTC (ZS), US\$1,350 thousand from TTC (TJ), US\$802 thousand from ACME (KS) and Taita (BVI) injected US\$50,000 thousand.

Note 5: As the Company has obtained the certificate of compliance with the operational scope issued by the Department of Investment Review, MOEA No. 11451013810 on May 20, 2025, the upper limit on investment in mainland China is not applicable.

Note 6: The basis for investment income (loss) recognition is from financial statements audited and attested by the parent company's ROC-based CPA.

Note 7: At the time of the preparation of the consolidated financial report, it had been fully written off.

Note 8: The Company's management decided to suspend TTC (TJ)'s production from April 2019, please refer to Note 12 for details.

TABLE6.**Taita Chemical Company, Ltd. and subsidiaries****Business relationship and material transactions between the parent and subsidiaries****For the Year Ended 2025****Unit: NT\$ 1,000**

No.	Trader	Counterparty	Relationship with the trader	Transaction situation			Ratio Consolidated Total Revenue or Total Assets % (Note 1)
				Account item	Amount (Note 2)	Transaction terms	
0	The Company	TTC (TJ)	Parent to subsidiary	Other receivables from related parties	\$ 286,899	No significant difference than with non-related parties	3.35
1	TAITA (BVI)	TTC (TJ)	Parent to subsidiary	Other payables to related parties	4,715	No significant difference than with non-related parties	0.06

Note 1: The amount of the transactions is calculated as the ratio of the consolidated total revenue or total assets. In the case of asset/liability accounts, the balance at the end of the period is calculated as the proportion of the consolidated total assets.

Note 2: At the time of the preparation of the consolidated financial report, it had been fully written off.