

Taita Chemical Company, Ltd.

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

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## **Independent Auditors' Report**

To: Taita Chemical Co., Ltd.:

### **Opinion**

We have audited the accompanying financial statements of Taita Chemical Co., Ltd. (the “Company”), which comprise the balance sheets 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 financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Taita Chemical Co., Ltd. as of December 31, 2025 and 2024 and its financial performance and its cashflows for the years then ended 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 our professional judgment, were of most significance to Taita Chemical Co., Ltd. in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Company's parent company only financial statements for the year ended December 31, 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. 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 Parent Company Only Financial Statement. 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 22 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Parent company only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement of the parent company only financial statements when it exists. Misstatements can arise from fraud or error. If individual amounts or aggregate totals of false statements are reasonably expected to affect the economic decisions made by users of the individual financial statements, they are considered material.

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 assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 Company's internal control.
- 3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 5) Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

6) Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determined those matters that were of most significance of Taita Chemical Co., Ltd. in the audit of the financial statements for the year ended December 31, 2025 and are therefore key audit matters. 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 parent company only 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.

### Parent Company Only Balance Sheets

December 31, 2025 and 2024

Unit: NT\$ 1,000

Code	Assets	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
	<b>CURRENT ASSETS</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 352,539	4	\$ 521,524	6
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	133,467	2	421,006	4
1136	Financial assets at amortized cost - current (Notes 4, 9 and 29)	5,000	-	3,000	-
1150	Notes receivable (Notes 4 and 10)	17,018	-	29,385	-
1170	Accounts receivable (Notes 4 and 10)	847,535	10	1,266,756	13
1180	Accounts receivable from related parties (Notes 4, 10 and 28)	2	-	8,260	-
1200	Other receivables (Notes 4 and 10)	69,428	1	85,128	1
1210	Other receivables from related parties (Notes 4, 10 and 28)	286,999	3	300,752	3
1220	Current tax assets (Notes 4 and 24)	2,693	-	7,224	-
130X	Inventories (Notes 4 and 11)	729,280	9	965,669	10
1410	Prepayments and other current assets	85,091	1	95,483	1
11XX	Total current assets	<u>2,529,052</u>	<u>30</u>	<u>3,704,187</u>	<u>38</u>
	<b>Non-current assets</b>				
1517	Financial assets at fair value through other comprehensive incomes - non-current (Notes 4 and 8)	167,724	2	162,437	2
1550	Investments accounted for under the equity method (Notes 4, 5 and 12)	3,711,081	44	3,807,416	39
1600	Property, plant, and equipment (Notes 4, 13 and 28)	1,612,176	19	1,639,133	17
1755	Right-of-use assets (Notes 4, 14 and 28)	23,097	-	27,717	-
1760	Investment properties, net (Notes 4 and 15)	108,178	1	108,178	1
1840	Deferred income tax assets (Notes 4 and 24)	262,092	3	175,407	2
1900	Other non-current assets (Note 29)	29,600	1	40,852	1
15XX	Total non-current assets	<u>5,913,948</u>	<u>70</u>	<u>5,961,140</u>	<u>62</u>
1XXX	Total	<u>\$ 8,443,000</u>	<u>100</u>	<u>\$ 9,665,327</u>	<u>100</u>
	<b>Liabilities and equity</b>				
	<b>CURRENT LIABILITIES</b>				
2100	Short-term borrowings (Note 16)	\$ 1,290,000	15	\$ 1,840,000	19
2110	Short-term notes and bills payable (Note 16)	99,981	1	-	-
2120	Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	209	-	-	-
2170	Accounts payable (Note 17)	570,998	7	842,698	9
2180	Accounts payable to related parties (Notes 17 and 28)	74	-	79	-
2200	Other payables (Note 18)	250,600	3	280,867	3
2220	Other payables from related parties (Note 28)	2,830	-	15,823	-
2280	Lease liabilities - current (Notes 4, 14 and 28)	4,769	-	4,717	-
2365	Refund liabilities - current (Note 19)	1,539	-	1,215	-
2399	Other current liabilities	37,061	1	53,270	1
21XX	Total current liabilities	<u>2,258,061</u>	<u>27</u>	<u>3,038,669</u>	<u>32</u>
	<b>Non-current liabilities</b>				
2540	Long-term borrowings (Note 16)	150,000	2	-	-
2570	Deferred income tax liabilities (Notes 4 and 24)	230,664	3	246,557	2
2580	Lease liabilities - non-current (Notes 4, 14 and 28)	19,608	-	24,377	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 20)	28,450	-	56,105	1
2670	Other non-current liabilities	2,418	-	1,732	-
25XX	Total non-current liabilities	<u>431,140</u>	<u>5</u>	<u>328,771</u>	<u>3</u>
2XXX	Total liabilities	<u>2,689,201</u>	<u>32</u>	<u>3,367,440</u>	<u>35</u>
	<b>Equity (Notes 12, 20 and 21)</b>				
	Share capital				
3110	Common stock	3,975,868	47	3,975,868	41
3200	Capital surplus	3,954	-	3,242	-
	Retained earnings				
3310	Legal reserve	502,038	6	502,038	5
3320	Special reserve	308,061	4	308,061	3
3350	Unappropriated earnings	934,583	11	1,430,917	15
3300	Total retained earnings	<u>1,744,682</u>	<u>21</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>68</u>	<u>6,297,887</u>	<u>65</u>
Total		<u>\$ 8,443,000</u>	<u>100</u>	<u>\$ 9,665,327</u>	<u>100</u>

The accompanying notes are an integral part of the Parent Company Only financial statements.

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## Taita Chemical Company Ltd.

### Parent Company Only Statements 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, 19, 22 and 28)	\$ 10,151,150	100	\$ 11,953,000	100
5110	Cost of Goods Sold (Notes 11, 13, 14, 20, 23, and 28)	<u>9,603,657</u>	<u>95</u>	<u>11,293,062</u>	<u>95</u>
5900	Gross profit	<u>547,493</u>	<u>5</u>	<u>659,938</u>	<u>5</u>
	Operating expenses (Notes 10, 13, 14, 20, 23, and 28)				
6100	Selling and marketing expenses	793,027	8	982,289	8
6200	Administrative expenses	127,929	1	127,233	1
6300	Research and development expenses	17,710	-	16,374	-
6450	Expected credit impairment losses (reversal gains)	( <u>58</u> )	-	<u>427</u>	-
6000	Total operating expenses	<u>938,608</u>	<u>9</u>	<u>1,126,323</u>	<u>9</u>
6900	Net operating loss	( <u>391,115</u> )	( <u>4</u> )	( <u>466,385</u> )	( <u>4</u> )
	Non-operating income and expenses (Notes 7, 12, 15, 23, and 28)				
7100	Interest income	7,595	-	12,955	-
7010	Other income	34,057	-	36,571	-
7020	Other gains and losses	( 99,842 )	( 1 )	98,801	1
7070	Shares of profit (loss) in subsidiaries and associates accounted for under the equity method	( 29,165 )	-	75,609	1
7510	Financial costs	( <u>41,439</u> )	-	( <u>39,227</u> )	-
7000	Total non-operating income and expenses	( <u>128,794</u> )	( <u>1</u> )	<u>184,709</u>	<u>2</u>

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Code		2025		2024	
		Amount	%	Amount	%
7900	Loss before income tax	(\$ 519,909)	( 5)	(\$ 281,676)	( 2)
7950	Income tax gain (Notes 4 and 24)	( 92,538)	( 1)	( 58,664)	-
8200	Net loss for the year	( 427,371)	( 4)	( 223,012)	( 2)
	Other comprehensive income (Notes 8, 12, 20, 21, and 24)				
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	Shares of other comprehensive incomes (losses) in associates accounted for under the equity method - unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive incomes	( 3,781)	-	( 30,160)	-
8330	Shares of other comprehensive incomes (losses) in associates accounted for under 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>

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<u>Code</u>		<u>2025</u>		<u>2024</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
8360	Items that may be reclassified to profit or loss:				
8361	Exchange Differences on Translating the Financial Statements of Foreign Operations	(\$ 62,426)	( 1)	\$ 160,116	1
8371	Share of the other comprehensive income of associates accounted for using equity method - exchange differences on translation of foreign financial statements	( 31)	-	2,734	-
8390	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>( 1)</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>( 1)</u>	<u>( 7,857)</u>	<u>-</u>
8500	Total comprehensive income for the year	<u>(\$ 465,283)</u>	<u>( 5)</u>	<u>(\$ 230,869)</u>	<u>( 2)</u>
	Loss per share (Note 25)				
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 Parent Company Only financial statements.

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## Taita Chemical Company Ltd.

### Parent Company Only Statements of Changes in Equity January 1 to December 31, 2025 and 2024 Unit: NT\$ 1,000

Code		Share capital (Note 21)		Capital surplus (Notes 12 and 21)			Retained earnings (Notes 20 and 21)				Other equity (Notes 12 and 21)			Total equity
		Share (in thousands of shares)	Amount	Long-term equity investment	Other capital surplus	Total	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income		
												Total	Total	
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>

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## Taita Chemical Company Ltd.

### Parent Company Only Statements 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	(\$ 519,909)	(\$ 281,676)
A20010	Income, expenses, and losses items:		
A20100	Depreciation expenses	175,588	172,365
A20200	Amortization expenses	-	498
A20300	Expected credit impairment losses (reversal gains)	( 58)	427
A20400	Net loss on financial assets and liabilities measured at fair value through profit or loss	21,264	2,915
A20900	Financial costs	41,439	39,227
A21200	Interest income	( 7,595)	( 12,955)
A21300	Dividend income	( 5,022)	( 8,286)
A22300	Shares of profit (loss) in subsidiaries and associates accounted for under the equity method	29,165	( 75,609)
A22500	Loss on disposal of property, plant and equipment	-	97
A23700	Allowance for inventory valuation and obsolescence loss (reversal gain)	8,767	( 15,890)
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	12,367	( 2,974)
A31150	Accounts receivable	410,963	( 292,506)
A31160	Accounts receivable from related parties	8,258	( 4,060)
A31180	Other receivables	15,341	( 13,759)
A31190	Other receivables from related parties	13,753	( 15,710)
A31200	Inventories	227,622	( 50,533)
A31230	Prepayments and other current assets	10,413	( 7,553)
A32150	Accounts payable	( 271,700)	152,269
A32160	Accounts payable to related parties	( 5)	30
A32180	Other payables	( 29,229)	58,115
A32190	Other payables to related parties	( 3,300)	1,691

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Code		2025	2024
A32230	Other current liabilities	(\$ 16,209)	\$ 6,543
A32240	Net defined benefit liability	( 15,430)	( 15,700)
A33000	Net cash inflow (outflow) from operating activities	381,607	( 617,128)
A33100	Interest received	7,954	12,576
A33300	Interest paid	( 41,563)	( 38,716)
A33500	Income tax refund (paid)	4,531	( 1,313)
AAAA	Net cash inflow (outflow) from operating activities	<u>352,529</u>	<u>( 644,581)</u>
	Cash flows from investing activities		
B00040	Acquisition of financial assets measured at amortized cost	( 5,000)	( 3,000)
B00050	Disposal of financial assets measured at amortized cost	3,000	13,000
B02700	Acquisition of property, plant and equipment	( 153,917)	( 170,252)
B02800	Disposal of property, plant, and equipment	-	215
B03700	Increase in refundable deposits	( 18,475)	( 15,670)
B03800	Decrease in refundable deposits	34,866	88
B06700	Increase in other non-current assets	( 5,139)	-
B07600	Dividends received	6,749	12,316
BBBB	Net cash flow used in investing activities	<u>( 137,916)</u>	<u>( 163,303)</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	386
C04020	Repayments of the principal portion of lease liabilities	( 4,717)	( 4,665)
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>892,512</u>
EEEE	Cash and cash equivalents (decrease) increase for the current year	( 168,985)	84,628
E00100	Cash and cash equivalents at the beginning of period	<u>521,524</u>	<u>436,896</u>
E00200	Cash and cash equivalents at the end of period	<u>\$ 352,539</u>	<u>\$ 521,524</u>

The accompanying notes are an integral part of the Parent Company Only financial statements.

Notice to Readers:

The parent company only 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.

## Notes to Parent Company Only Financial Statements

January 1 to December 31, 2025 and 2024

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

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### 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 functional currency of the Company is the New Taiwan dollar, and the financial statements of the Company are presented in the Company’s functional currency.

### 2. AUTHORIZATION DATE AND PROCEDURES FOR FINANCIAL STATEMENTS

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

### 3. APPLICATION OF 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

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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 Company 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 Company 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 Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. Where the Company 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 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 financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The 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 obligations 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.

When preparing these financial statements, the Company uses the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same with the amounts attributable to the owners of the Company in its financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates, and the related equity items, as appropriate, in these financial statements.

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. Foreign currency

While preparing the Financial Statements, transactions denominated in a currency other than the Company's functional currency (i.e. a foreign currency) are translated into the Company's functional currency by using the exchange rate on the transaction date.

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.

For the purpose of presenting the parent company only financial statements, the functional currencies of the Company (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; 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.

e. 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.

f. Investments in subsidiaries

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

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

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

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

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of the interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence and that is not a subsidiary.

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

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. In addition, equity changes in associates are recognized based on the shareholding ratio.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using 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.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

To assess impairment, the Company 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 Company shall cease the use of 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 the carrying amount of the investment and the carrying amount of the investment at the date of acquisition of the equity method is included in profit or loss for the current period.

When a Company entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent that the interests in the associate are not related to the Company.

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 methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates 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. Investment properties are initially measured at cost and include transaction costs for land. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated 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. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates 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

At the end of each reporting period, the Company reviews the carrying amounts of its property, factory, 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 financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

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 are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

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 classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and derivatives and mutual fund that do not meet the amortized cost criteria or the FVTOCI criteria.

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 27.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured 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, notes receivable, accounts receivable, other receivables, 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

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

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. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

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 internal credit risk management purpose, if any internal or external information shows that the debtor is unlikely to pay its creditors, the Company will determine that a financial asset is in default (without taking into account any collateral held by the Company).

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

c) Derecognition of financial assets

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

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 27.

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 Company enters into a variety of derivative instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

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

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

### 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. The sale of goods above is recognized as revenue when goods are delivered to a customer because it is the time when the customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

#### n. Leases

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

##### 1) Where the Company 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) Where the Company is a 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. When there is a change in future lease payments resulting from a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line 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 Company determines the income (loss) of the current period under 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 tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. 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 liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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**

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing significant accounting estimates, our company takes into account the potential impact of climate change, related government policies and regulations, and fluctuations in the energy market on cash flow projections, growth rates, discount rates, and profitability. 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	157,310	153,498
Cash equivalents (Investments with original maturities of three months or less)		
Time deposits	194,866	337,686
Reverse repurchase agreements collateralized by bonds	-	30,000
	<u>\$ 352,539</u>	<u>\$ 521,524</u>

The market rate or interval of market rates of cash equivalents at the end of the reporting period were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Time deposits	3.60%	4.25%~4.72%
Reverse repurchase agreements collateralized by bonds	-	1.44%

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

	<u>December 31, 2025</u>	<u>December 31, 2024</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
- 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 our company’s forward foreign exchange transactions was to hedge against the risks arising from exchange rate fluctuations on foreign currency assets and liabilities. As these contracts did not meet the criteria of hedge accounting, and therefore, the Company did not apply hedge accounting treatments for these derivative contracts.

**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
- Ordinary shares of the unlisted companies		
- Harbinger Venture Capital Corp. (“Harbinger”)	<u>5</u>	<u>5</u>
	<u>\$ 167,724</u>	<u>\$ 162,437</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments’ fair value in profit or loss would not be consistent with the Company’s strategy of holding these investments for long-term purposes.

**9. FINANCIAL ASSETS MEASURED AT AMORTIZED COST - CURRENT**

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Pledged certificates of deposit (Note 29)	<u>\$ 5,000</u>	<u>\$ 3,000</u>

The range of market annual interest rates for pledged time deposits as of the balance sheet date is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Pledged certificates of deposit (Note 29)	1.66%	1.66%

Refer to Note 29 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>\$ 17,018</u>	<u>\$ 29,385</u>
<u>Accounts receivable(a)</u>		
Measured at amortized cost		
Total carrying amount	\$ 847,904	\$1,267,183
Less: Allowance for impairment loss	( <u>369</u> )	( <u>427</u> )
	<u>\$ 847,535</u>	<u>\$1,266,756</u>
Accounts receivable from related parties (a) (Note 28)	<u>\$ 2</u>	<u>\$ 8,260</u>
<u>Other receivables (b)</u>		
Business tax refund receivable	\$ 56,235	\$ 84,732
Claims receivable	13,106	-
Others	<u>87</u>	<u>396</u>
	<u>\$ 69,428</u>	<u>\$ 85,128</u>
Other receivables from related parties (Note 28)	<u>\$ 286,999</u>	<u>\$ 300,752</u>

### a. Notes receivable and accounts receivable

The average credit period of sales of goods is 30-180 days. No interest is charged on receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. For part of the accounts receivable, the Company entered into a credit insurance contract or obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. Before accepting new customers, the Company takes customer evaluation results generated by the internal system into consideration to measure the potential customer's credit quality and define the customer's credit limit. Customer credit limits and ratings are reviewed periodically. In this regard, the management believes the Company's credit risk was significantly reduced.

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

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

December 31, 2025

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Total carrying amount	\$ 4,119	\$ 85,034	\$ 80,210	\$ 695,561	\$ 864,924
Loss allowance (lifetime ECL)	-	-	-	( 369)	( 369)
Amortized cost	<u>\$ 4,119</u>	<u>\$ 85,034</u>	<u>\$ 80,210</u>	<u>\$ 695,192</u>	<u>\$ 864,555</u>

December 31, 2024

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Total carrying amount	\$ 7,705	\$ 81,531	\$ 97,115	\$ 1,118,477	\$ 1,304,828
Loss allowance (lifetime ECL)	-	-	-	( 427)	( 427)
Amortized cost	<u>\$ 7,705</u>	<u>\$ 81,531</u>	<u>\$ 97,115</u>	<u>\$ 1,118,050</u>	<u>\$ 1,304,401</u>

Changes in loss allowance for accounts receivable are as follows:

	2025	2024
Beginning balance	\$ 427	\$ 764
Amounts written off	-	( 764)
Expected credit impairment losses (reversal gains)	( 58)	427
Ending balance	<u>\$ 369</u>	<u>\$ 427</u>

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

	December 31, 2025	December 31, 2024
Not past due	\$ 823,732	\$ 1,258,458
Within 60 days past due	39,948	39,944
Over 60 days past due	1,244	6,426
Total	<u>\$ 864,924</u>	<u>\$ 1,304,828</u>

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

In the balances of accounts receivable and notes receivable as of December 31, 2025 and December 31, 2024, except for specific customers whose balances of accounts receivable as of December 31, 2025 and December 31, 2024 accounted for 13% and 10% of the total balances of notes receivable and accounts receivable, respectively, the balances of notes receivable and accounts receivable for other customers did not exceed 10% of the total balances of notes receivable and accounts receivable. Our Company has a wide range of customers who are not related to each other, so the risk of concentration of credit is limited.

b. Other receivables

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

**11. INVENTORIES**

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Finished goods	\$ 390,429	\$ 512,135
Work in process	107,796	209,902
Raw materials	213,884	226,155
Supplies	<u>17,171</u>	<u>17,477</u>
	<u>\$ 729,280</u>	<u>\$ 965,669</u>

The cost of goods sold related to inventory for the years 2025 and 2024 were NT\$9,603,657 thousand and NT\$11,293,062 thousand, respectively.

The cost of goods sold for the years 2025 and 2024 included inventory write-downs to net realizable value amounting to NT\$8,767 thousand and reversals of such write-downs amounting to NT\$15,890 thousand, 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. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD**

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Investments in subsidiaries	\$ 3,224,792	\$ 3,284,017
Investments in associates	<u>486,289</u>	<u>523,399</u>
	<u>\$ 3,711,081</u>	<u>\$ 3,807,416</u>

a. Investments in subsidiaries

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Unlisted (non-OTC) company TAITA (BVI) Holding Co., Ltd. (TAITA (BVI))	<u>\$ 3,224,792</u>	<u>\$ 3,284,017</u>

Investor company	Name of subsidiary	Nature of business	Percentage of ownership interests and voting rights	
			December 31, 2025	December 31, 2024
The Company	TAITA (BVI)	Investment holding company	100%	100%

Through TAITA (BVI), the Company indirectly invested in Taita Chemical (Tianjin) Co., Ltd. (“Taita (TJ)”). The management stopped the production of Taita (TJ) in April 2019 as a result of the reduction in demand of EPS, which is the main product of Taita (TJ) in the local market.

On December 3, 2020, the Board of Directors of the Company resolved to establish Zhangzhou Taita Chemical Company Ltd. (TTC (ZZ)) with a capital contribution of CNY314,000 thousand from TAITA (BVI). The main business of TTC (ZZ) is the production and sale of EPS. The establishment of TTC (ZZ) was registered on June 28, 2021. As of December 31, 2025, the paid-in capital of the company amounted to CNY306,950 thousand.

The investments in subsidiaries accounted for by the equity method and the shares of profit or loss and other comprehensive incomes in subsidiaries for the years ended December 31, 2025 and 2024 were based on the subsidiaries’ financial statements audited by auditors for the same years.

b. Investments in associates

	December 31, 2025	December 31, 2024
<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)	<u>287,145</u>	<u>302,831</u>
	<u>\$ 486,289</u>	<u>\$ 523,399</u>

Aggregate information of individually insignificant associates

	2025	2024
The Company’s shares of:		
Loss from continuing operations	(\$ 32,366)	(\$ 10,925)
Other comprehensive incomes	( <u>3,038</u> )	( <u>23,028</u> )
Total comprehensive (loss) income for the year	( <u>\$ 35,404</u> )	( <u>\$ 33,953</u> )

The Company's ownership interest and percentage of voting right in associate at the end of the reporting period were 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%

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

The Company with its affiliates jointly held more than 20% of the shareholdings of CGPC and Acme, and had significant influence over each entity. Therefore, the Company 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:

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

The investments above were accounted for using the equity method.

The profits and other comprehensive income shares enjoyed by the associated enterprises and the Company 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.

### **13. REAL PROPERTY, PLANT AND EQUIPMENT**

	<u>Freehold land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Transportation equipment</u>	<u>Miscellaneous Equipment</u>	<u>Construction in progress</u>	<u>Total</u>
<u>Cost</u>							
Balance as of January 1, 2024	\$ 634,432	\$ 877,869	\$ 4,033,381	\$ 22,182	\$ 317,932	\$ 85,677	\$ 5,971,473
Addition	-	-	-	-	-	164,016	164,016
Disposal	-	( 355 )	( 13,406 )	( 5,695 )	( 5,933 )	-	( 25,389 )
Internal transfers	-	480	70,059	-	22,318	( 92,857 )	-
Balance at December 31, 2024	<u>\$ 634,432</u>	<u>\$ 877,994</u>	<u>\$ 4,090,034</u>	<u>\$ 16,487</u>	<u>\$ 334,317</u>	<u>\$ 156,836</u>	<u>\$ 6,110,100</u>
<u>Accumulated depreciation</u>							
Balance as of January 1, 2024	\$ -	\$ 693,998	\$ 3,327,060	\$ 22,077	\$ 285,163	\$ -	\$ 4,328,298
Disposal	-	( 355 )	( 13,094 )	( 5,695 )	( 5,933 )	-	( 25,077 )
Depreciation expenses	-	17,682	141,247	42	8,775	-	167,746
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 711,325</u>	<u>\$ 3,455,213</u>	<u>\$ 16,424</u>	<u>\$ 288,005</u>	<u>\$ -</u>	<u>\$ 4,470,967</u>
Carrying amounts at December 31, 2024	<u>\$ 634,432</u>	<u>\$ 166,669</u>	<u>\$ 634,821</u>	<u>\$ 63</u>	<u>\$ 46,312</u>	<u>\$ 156,836</u>	<u>\$ 1,639,133</u>
<u>Cost</u>							
Balance as of January 1, 2025	\$ 634,432	\$ 877,994	\$ 4,090,034	\$ 16,487	\$ 334,317	\$ 156,836	\$ 6,110,100
Addition	-	-	-	-	-	144,011	144,011
Disposal	-	-	( 66,585 )	( 1,740 )	( 905 )	-	( 69,230 )
Internal transfers	-	16,965	187,728	-	10,316	( 215,009 )	-
Balance at December 31, 2025	<u>\$ 634,432</u>	<u>\$ 894,959</u>	<u>\$ 4,211,177</u>	<u>\$ 14,747</u>	<u>\$ 343,728</u>	<u>\$ 85,838</u>	<u>\$ 6,184,881</u>
<u>Accumulated depreciation</u>							
Balance as of January 1, 2025	\$ -	\$ 711,325	\$ 3,455,213	\$ 16,424	\$ 288,005	\$ -	\$ 4,470,967
Disposal	-	-	( 66,585 )	( 1,740 )	( 905 )	-	( 69,230 )
Depreciation expenses	-	18,468	142,264	32	10,204	-	170,968
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 729,793</u>	<u>\$ 3,530,892</u>	<u>\$ 14,716</u>	<u>\$ 297,304</u>	<u>\$ -</u>	<u>\$ 4,572,705</u>

Carrying amounts at December 31, 2025      \$ 634,432      \$ 165,166      \$ 680,285      \$ 31      \$ 46,424      \$ 85,838      \$ 1,612,176

Property, plant, and equipment are depreciated on a straight-line basis over the following service life:

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

#### 14. LEASE AGREEMENTS

##### a. Right-of-use assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Carrying amount		
Land	<u>\$ 23,097</u>	<u>\$ 27,717</u>
Depreciation expense for right-of-use assets	<u>2025</u>	<u>2024</u>
Land	<u>\$ 4,620</u>	<u>\$ 4,619</u>

Except for the recognized depreciation expense, there were no significant additions, sublease and impairments of the Company's right-of-use assets for the years 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%

The Company leases land in Linyuan to build factories from related party. When rental period ends, the Company has no bargain purchase price option for the land leased. Transactions with related parties are set out in Note 28.

c. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties and freehold property, plant, and equipment are set out in Note 15.

	<u>2025</u>	<u>2024</u>
Short-term lease expenses	<u>\$ 14,033</u>	<u>\$ 15,457</u>
Total cash outflow for leases	<u>\$ 19,046</u>	<u>\$ 20,470</u>

The Company leases certain office equipment, machinery equipment, traffic and transportation equipment which qualify as short-term leases and certain other equipment which qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

**15. INVESTMENT PROPERTY, NET**

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

Management was unable to reliably measure the fair value of investment properties located in Qianzhen District, Xingbang Section and Linyuan Industrial Park, because the fair value for comparable properties is inactive and alternative reliable measurements of fair value are not available. Therefore, the Company concluded that the fair value of the investment properties is not reliably measurable.

The land of our company's Qianzhen Plant is leased to China Interocean Transport, Inc., with the rental amount determined based on the actual leased area, and collected on a monthly basis (Notes 23 and 28).

**16. 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 Company'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 Company shall propose improvement measures to the banks concerned. As of December 31, 2025, the Company did not violate these financial ratios and terms.

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 Company 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.

**17. ACCOUNTS PAYABLE**

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Accounts payable (including related parties)</u>		
Arising from operations (Note 28)	<u>\$ 571,072</u>	<u>\$ 842,777</u>

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

**18. OTHER PAYABLES**

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Freight charges payable	\$ 53,596	\$ 87,015
Salaries and bonuses payable	64,749	65,141
Utilities payable	35,780	38,757
Payables for commission	23,085	20,390
Equipment costs payable	13,680	13,893
Payables for professional service expenses	9,205	11,446
Others	<u>50,505</u>	<u>44,225</u>
	<u>\$250,600</u>	<u>\$280,867</u>

**19. 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	( 8,316)	( 8,748)
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.

**20. 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.

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 included in the balance sheets in respect of the Company's defined benefit plans were 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:

	<u>Present Value of Defined Benefit Obligation</u>	<u>Fair Value of Plan Assets</u>	<u>Net defined benefit liability</u>
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>

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	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net defined benefit liability
Recognized in other comprehensive income	( 92 )	( 28,743 )	( 28,835 )
Contributions by the Employer	-	( 18,442 )	( 18,442 )
Benefits Paid on Plan Assets	( 40,002 )	40,002	-
Balance at December 31, 2024	<u>\$ 369,626</u>	<u>( \$ 313,521 )</u>	<u>\$ 56,105</u>
Balance as of January 1, 2025	\$ 369,626	( \$ 313,521 )	\$ 56,105
Service Costs			
Service costs for the current period	1,057	-	1,057
Net Interest Expense (Income)	<u>5,544</u>	( 4,838 )	<u>706</u>
Recognized in profit or loss	<u>6,601</u>	( 4,838 )	<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>	( 22,796 )	( 12,225 )
Contributions by the Employer	-	( 17,193 )	( 17,193 )
Benefits Paid on Plan Assets	( 43,607 )	43,607	-
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:

	2025	2024
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	( \$ 4,729 )	( \$ 5,329 )
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	( \$ 4,609 )	( \$ 5,197 )

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.

**21. 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 23-8.

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 ten percent 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:

	<u>Earnings distribution plans</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
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 (NT\$)</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 in the translation of financial statements of foreign operations

	<u>2025</u>	<u>2024</u>
Beginning balance	(\$ 22,187)	(\$153,014)
Incurring this year		
Exchange differences on translation of foreign financial statements	( 62,426)	160,116
Share from associates accounted for using the equity method	( 31)	2,734
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 are translated into the presentation currency, the New Taiwan dollar. The resulting currency translation differences are recognized in other comprehensive income as exchange differences on translating the financial statements of foreign operations in the respective period.

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 subsidiaries and 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>

## 22. REVENUE

	<u>2025</u>	<u>2024</u>
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 10,151,150</u>	<u>\$ 11,953,000</u>

Refer to Note 4 for description related to contracts with customers.

## 23. 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	\$ 5,142	\$ 10,890
Financial assets measured at fair value through profit or loss (Note 7)	2,276	2,065
Others	<u>177</u>	<u>-</u>
	<u>\$ 7,595</u>	<u>\$ 12,955</u>

### b. Other income

	<u>2025</u>	<u>2024</u>
Rental income - operating lease (Notes 15 and 28)	\$ 9,756	\$ 24,190
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	-
Others	<u>6,173</u>	<u>4,095</u>
	<u>\$ 34,057</u>	<u>\$ 36,571</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	( 72,974)	107,325
Loss on disposal and retirement of property, plant and equipment (Note 13)	-	( 97)
Expenses for leasing assets	( 4,671)	( 4,460)
Others	<u>( 933)</u>	<u>( 1,052)</u>
	<u>(\$ 99,842)</u>	<u>\$ 98,801</u>

d. Exchange gains and losses

	<u>2025</u>	<u>2024</u>
Total exchange gains	\$ 171,532	\$ 161,561
Total exchange losses	( 244,506)	( 54,236)
Net gain (loss)	<u>(\$ 72,974)</u>	<u>\$ 107,325</u>

e. Financial costs

	<u>2025</u>	<u>2024</u>
Interest on bank loans	\$ 41,143	\$ 38,879
Interest on lease liabilities (Note 28)	296	348
	<u>\$ 41,439</u>	<u>\$ 39,227</u>

f. Depreciation and amortization (Statement 17)

	<u>2025</u>	<u>2024</u>
Property, plant, and equipment (Note 13)	\$ 170,968	\$ 167,746
Right-of-use assets (Note 14)	4,620	4,619
Intangible assets	-	498
Total	<u>\$ 175,588</u>	<u>\$ 172,863</u>

Aggregate depreciation expenses  
by function

Cost of goods sold	\$ 173,246	\$ 170,296
Operating expenses	700	655
Other gains and losses	1,642	1,414
	<u>\$ 175,588</u>	<u>\$ 172,365</u>

Aggregate amortization expenses  
by function

Cost of goods sold	\$ -	\$ 400
Administrative expenses	-	98
	<u>\$ -</u>	<u>\$ 498</u>

g. Employee benefits expense (Statement 17)

	<u>2025</u>	<u>2024</u>
Post-employment benefits (Note 20)		
Defined contribution plans	\$ 14,110	\$ 13,797
Defined benefit plans	1,763	2,742
	15,873	16,539
Other employee benefits	<u>430,909</u>	<u>441,943</u>
Total employee benefits expense	<u>\$ 446,782</u>	<u>\$ 458,482</u>

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	<u>2025</u>	<u>2024</u>
Aggregate employee benefit expenses by function		
Cost of goods sold	\$ 387,855	\$ 389,037
Operating expenses	<u>58,927</u>	<u>69,445</u>
	<u>\$ 446,782</u>	<u>\$ 458,482</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 amounts after the annual 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.

**24. 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		
Adjustments from previous years	\$ -	(\$ 6,048)
Deferred income tax		
In respect of the current year	( 92,538)	( 52,612)
Adjustments from previous years	<u>-</u>	<u>( 4)</u>
	<u>( 92,538)</u>	<u>( 52,616)</u>
Income tax benefit recognized in profit or loss	<u>(\$ 92,538)</u>	<u>(\$ 58,664)</u>

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

	<u>2025</u>	<u>2024</u>
Loss before income tax	(\$ 519,909)	(\$ 281,676)
Income tax benefit calculated on the pre-tax net loss at the statutory rate	(\$ 103,981)	(\$ 56,335)
Fees that cannot be deducted from taxes	11,143	3,781
Tax-exempted income	( 1,050)	( 2,522)
Tax-exempt dividend income shall not be included in the deduction for losses.	1,350	2,464
Adjustments from previous years	<u>-</u>	<u>( 6,052)</u>
Income tax benefit recognized in profit or loss	(\$ 92,538)	(\$ 58,664)

b. Income tax recognized in other comprehensive income

	<u>2025</u>	<u>2024</u>
<u>Deferred income tax</u>		
Incurred this year		
— Exchange differences in the translation of financial statements of foreign operations	\$ 12,485	(\$ 32,023)
— Remeasurement of defined benefit plans	<u>( 2,445)</u>	<u>( 5,767)</u>
Income tax recognized in other comprehensive income	<u>\$ 10,040</u>	<u>(\$ 37,790)</u>

c. Current income tax assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current income tax assets		
Tax refunds receivable	<u>\$ 2,693</u>	<u>\$ 7,224</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>Ending balance</u>
<u>Deferred income tax assets</u>				
Temporary differences				
Allowance for inventory valuation	\$ 2,847	\$ 1,753	\$ -	\$ 4,600
Defined benefit plans	10,874	( 3,086 )	( 2,445 )	5,343
Payables for annual leave	3,506	( 803 )	-	2,703
Others	<u>1,705</u>	<u>( 4 )</u>	<u>-</u>	<u>1,701</u>
	18,932	( 2,140 )	( 2,445 )	14,347
Loss offsetting	<u>156,475</u>	<u>91,270</u>	<u>-</u>	<u>247,745</u>
	<u>\$ 175,407</u>	<u>\$ 89,130</u>	<u>(\$ 2,445)</u>	<u>\$ 262,092</u>

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	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
<u>Deferred income tax liabilities</u>				
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	\$ 34,305	\$ -	(\$ 12,485)	\$ 21,820
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
Unrealized foreign exchange gain	7,610	( 3,841 )	-	3,769
Reserve for land revaluation increment tax	143,860	-	-	143,860
Unrealized net loss on sales	<u>2,057</u>	<u>( 161 )</u>	<u>-</u>	<u>1,896</u>
	<u>\$ 246,557</u>	<u>( \$ 3,408 )</u>	<u>( \$ 12,485 )</u>	<u>\$ 230,664</u>

2024

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
<u>Deferred income tax assets</u>				
Temporary differences				
Allowance for inventory valuation	\$ 6,025	(\$ 3,178)	\$ -	\$ 2,847
Loss on supplies	606	( 209 )	-	397
Defined benefit plans	19,781	( 3,140 )	( 5,767 )	10,874
Payables for annual leave	3,452	54	-	3,506
Unrealized foreign exchange losses	5,346	( 5,346 )	-	-
Others	<u>1,347</u>	<u>( 39 )</u>	<u>-</u>	<u>1,308</u>
	36,557	( 11,858 )	( \$ 5,767 )	18,932
Loss offsetting	<u>65,883</u>	<u>90,592</u>	<u>-</u>	<u>156,475</u>
	<u>\$ 102,440</u>	<u>\$ 78,734</u>	<u>( \$ 5,767 )</u>	<u>\$ 175,407</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
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
Unrealized foreign exchange gain	-	7,610	-	7,610
Reserve for land revaluation increment tax	143,860	-	-	143,860
Unrealized net loss on sales	<u>795</u>	<u>1,262</u>	<u>-</u>	<u>2,057</u>
	<u>\$ 188,416</u>	<u>\$ 26,118</u>	<u>\$ 32,023</u>	<u>\$ 246,557</u>

e. 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>
\$ 65,887	2033
90,588	2034
<u>91,270</u>	2035
<u>\$ 247,745</u>	

f. Income tax assessments

The Company's income tax returns through 2022 have been assessed by the tax authorities.

**25. LOSS PER SHARE**

	<u>2025</u>	<u>2024</u>
		Unit: NT\$ Per Share
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

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

**26. CAPITAL RISK MANAGEMENT**

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from the past year.

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

The senior management of the Company regularly reviews the Company’s capital structure. The review includes the consideration of the cost of various types of capital and related risks. The Company balances its overall capital structure by paying dividends, borrowing new debt or repaying old debt, based on the recommendations of the senior management.

**27. FINANCIAL INSTRUMENTS**

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

The Company’s management believes that the carrying amount of financial assets and financial liabilities that are not measured at fair value approximates their fair value. Otherwise, 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
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 shares	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>
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
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 shares	-	-	<u>5</u>	<u>5</u>
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 Company'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. For unlisted domestic equity investments, the Company utilizes the asset approach and takes into account the most recent net asset value, observable financial status as well as the financing activities of investees in order to determine their net asset value. The unobservable input used was a discount for the lack of marketability of 15% on December 31, 2025 and 2024.

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)	1,546,747	2,170,925
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)	\$ 2,298,216	\$ 2,912,802
Financial liabilities at fair value through profit or loss — held for trading	209	-

Note 1: The balance includes financial assets at amortized cost, which includes cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties and excluding business tax refund receivables) and refundable deposits.

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

d. Financial risk management objectives and policies

The Company's risk control and hedging strategy are influenced by its operational environment. The Company properly monitors and manages the risks related to business nature and according to 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 financial risks the Company is exposed to in the business activities are foreign exchange risk, interest rate risk, and other price risk.

There has been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Exchange rate risk

The Company conducted foreign currency sales and purchases, which exposed the Company to foreign currency risk. In order to avoid the impact of foreign currency exchange rate changes, which lead to deductions in foreign currency denominated assets and fluctuations in their future cash flows, the Company used foreign exchange forward contracts to eliminate foreign currency exposure and thus mitigate the impact of the risk. The use of foreign exchange forward contracts was governed by the Company's policies approved by the Board of Directors. The compliance with the policy and risk exposure limits are continually reviewed by internal auditors. The Company did not enter into or trade foreign exchange forward contracts for speculative purposes.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 31.

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 entity appreciates/depreciates against the US dollar by 3%, the Company's pre-tax net loss for the fiscal years 2025 and 2024 will increase/decrease by NT\$29,627 thousand and NT\$42,053 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 Company was exposed to the fair value risk of interest rate fluctuations for the fixed interest rate bearing financial assets and financial liabilities; the Company was exposed to the cash flow risk of interest rate fluctuations for the floating interest rate bearing financial assets and financial liabilities. The Company's management regularly monitors the fluctuations on market rates and then adjusted its balance of floating rate bearing financial liabilities to make the Company's interest rates more closely approach market rates in response to the interest rate risk.

The carrying amount of the Company'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	\$ 214,866	\$ 399,859
- Financial liabilities	1,264,358	1,529,094
Cash flow interest rate risk		
- Financial assets	120,365	131,242
- Financial liabilities	300,000	340,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Company'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 Company 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 increase/decrease of NT\$898 thousand and NT\$1,044 thousand, respectively, in the Company's pre-tax net loss for the fiscal years 2025 and 2024.

c) Other price risk

The Company was exposed to price risk through its investments in domestic listed shares, foreign and domestic unlisted shares, beneficiary securities and mutual funds. The Company manages this exposure by maintaining a portfolio

of investments with different risks. In addition, the Company has appointed a special team to monitor price risk.

#### Sensitivity analysis

Sensitivity analysis is based on the price of equity securities at the balance sheet date. However, in the financial assets measured at fair value through profit or loss of the Company's investment, the price fluctuation risk of 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 fiscal years 2025 and 2024, pre-tax other comprehensive income will increase/decrease by NT\$8,386 thousand and NT\$8,122 thousand, respectively, due to the fair value increase/decrease of financial assets measured at fair value through other comprehensive income.

#### 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could arise from:

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

The financial guarantees provided by the Company are endorsements for loans taken by its subsidiaries. As of December 31, 2025 and December 31, 2024, the Company has provided endorsement guarantees in the amounts of NT\$94,290 thousand and NT\$98,355 thousand, respectively. However, according to the expectations on the balance sheet date, it is unlikely that the Company will pay the endorsement guarantees when the endorsee breaches the contract.

The accounts receivable balances of our specific customers as of December 31, 2025 and December 31, 2024 accounted for 13% and 10% of the total accounts receivable and notes receivable, respectively. The remaining accounts receivable

are spread across numerous customers and are dispersed in different regions, without concentration in a single customer or region. Furthermore, the Company mitigates credit concentration risk by obtaining letters of credit issued by financial institutions prior to shipment for the sales transactions to the aforementioned specific customers and 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 Company's largest exposure of credit risk approximates to the carrying amount of financial assets.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company'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 Company'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 Company 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		\$ 758,235	\$ -	\$ -
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>\$ 2,160,105</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 financial liabilities</u>				
Non-interest bearing liabilities		\$ 1,072,802	\$ -	\$ -
Lease liabilities	1.10%	5,013	20,052	5,013
Floating interest rate liabilities	1.98	343,176	-	-
Fixed interest rate liabilities	1.98	1,503,411	-	-
		<u>\$ 2,924,402</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 loans are an essential source of liquidity for the Company. The table below details the unused amount of bank loans at the end of the reporting period.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Bank loan limit		
- Amount unused	<u>\$ 3,051,686</u>	<u>\$ 2,879,672</u>

**28. RELATED PARTY TRANSACTIONS**

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

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below:

a. Related parties and their relationship with the Group

	<u>Relationship with the Company</u>
USI	Ultimate parent company
TAITA (BVI)	Subsidiary
Taita Chemical (Zhongshan) Co., Ltd. (TTC (ZS))	Subsidiary
Taita Chemical (Tianjin) Co., Ltd. (TTC (TJ))	Subsidiary
CGPC	Associate
CGPC Polymer Corporation (CGPCPOL)	Associate

(Continued on the next page)

(Continued from the previous page)

	<u>Relationship with the Company</u>
Taiwan VCM Corporation (TVCM)	Associate
Global Green Technology Corporation (GGT)	Associate
CGTD	Associate
Asia Polymer Corporation (APC)	Fellow subsidiary
Swanson Plastics Corporation (SPC)	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

<u>Related party category/name</u>	<u>2025</u>	<u>2024</u>
Ultimate parent company	\$ 2,598	\$ 19,344
Subsidiary	-	1,177
	<u>\$ 2,598</u>	<u>\$ 20,521</u>

The Company’s credit period of sales of goods to related parties was from 30 days to 90 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

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

The Company’s credit period of purchase of goods from related parties was from 30 days after acceptance. The purchase of goods between the Company and its related parties had no material differences from those of general purchase transactions.

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

<u>Related party category/name</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Ultimate parent company	\$ 2	\$ 7,665
Subsidiary	-	595
	<u>\$ 2</u>	<u>\$ 8,260</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)

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

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

f. Endorsements/guarantees

<u>Related party category/name</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiary		
TAITA (BVI)	<u>\$ 94,290</u>	<u>\$ 98,355</u>

g. Other related party transactions

1) Rental income (classified as other income, see Notes 15 and 23)

<u>Related party category/name</u>	<u>2025</u>	<u>2024</u>
Associate		
CGTD	\$ 8,640	\$ 17,177
TVCM	<u>275</u>	<u>6,125</u>
	<u>\$ 8,915</u>	<u>\$ 23,302</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	\$ 5,021	\$ 4,893
Fellow subsidiary		
APC	1,660	2,463
Associate	<u>266</u>	<u>266</u>
	<u>\$ 6,947</u>	<u>\$ 7,622</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)

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

6) Management service expenses (classified as administrative expenses)

<u>Related party category/name</u>	<u>2025</u>	<u>2024</u>
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)

<u>Related party category/name</u>	<u>2025</u>	<u>2024</u>
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)

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

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

<u>Related party category/name</u>	<u>2025</u>	<u>2024</u>
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>
Subsidiary		
TTC (TJ)	\$ 286,899	\$ 299,268
Associate	35	1,481
Fellow subsidiary	64	3
Ultimate parent company	<u>1</u>	<u>-</u>
	<u>\$ 286,999</u>	<u>\$ 300,752</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.

h. 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	-	36
	<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.

## **29. 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 assets - non-current	15,000	32,173
	<u>\$ 20,000</u>	<u>\$ 35,173</u>

## **30. MATERIAL CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS**

In addition to those disclosed in other notes, significant commitments and contingencies of the Company were 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 Company'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.

**31. 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

	<u>Foreign currency</u>	<u>Exchange rate</u>		<u>Carrying amount</u>
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 44,914	31.4300	(USD: NTD)	\$ 1,411,637
CNY	2,447	4.4716	(CNY: NTD)	10,944
AUD	1,427	21.0100	(AUD: NTD)	29,978
HKD	849	4.0380	(HKD:NT\$)	3,427
<u>Non-monetary items</u>				
Subsidiaries accounted for under the equity method				
USD	102,602	31.4300	(USD: NTD)	3,224,792
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	13,493	31.4300	(USD: NTD)	424,083
<u>Non-monetary items</u>				
Derivative instruments				
USD	1,390	31.4300	(USD: NTD)	209

December 31, 2024

	<u>Foreign currency</u>	<u>Exchange rate</u>		<u>Carrying amount</u>
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 64,512	32.7850	(USD: NTD)	\$ 2,115,017
AUD	1,011	20.3900	(AUD: NTD)	20,605
HKD	673	4.2220	(HKD: NTD)	2,840
<u>Non-monetary items</u>				
Subsidiaries accounted for under the equity method				
USD	100,168	32.7850	(USD: NTD)	3,284,017
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	21,755	32.7850	(USD: NTD)	713,247

The Company recognized net foreign exchange losses (including both realized and unrealized) of NT\$72,974 thousand and net foreign exchange gains of NT\$107,325 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.

## 32. 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)
- 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)

**Taita Chemical Co., Ltd. and Its 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.

**TABLE 2****Taita Chemical Co., Ltd. and Its 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.

**TABLE 3****Taita Chemical Co., Ltd. and Its 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, 2026, no payments have been received.

**TABLE 4****Taita Chemical Co., Ltd. and Its 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
	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: For information on investees in mainland China, please refer to Table 5.

**TABLE 5****Taita Chemical Co., Ltd. and Its 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)	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) (Note 7)	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)	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 calculation of the investees was based on their audited financial statements for the same period.

Note 7: The Company's management decided to suspend TTC (TJ)'s production from April 2019, please refer to Note 12 for details.

## STATEMENTS OF SIGNIFICANT ACCOUNTING SUBJECTS

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**Statement 1**

**Taita Chemical Company, Ltd.**

**Statement of Cash and Cash Equivalents**

**December 31, 2025**

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

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Petty Cash		<u>\$ 363</u>
Bank Deposits		
Check Deposits		36,945
Demand deposits - NT\$		29,612
Demand deposits - USD	USD 2,492,997.31 (Note)	78,355
Demand deposits - HKD	HKD 693,205.68 (Note)	2,799
Demand deposits - CNY	CNY 1,225,733.08 (Note)	5,481
Demand deposits - JPY	JPY 77,752.00 (Note)	16
Demand deposits - EUR	EUR 1,542.43 (Note)	57
Demand deposits - AUD	AUD 192,421.99 (Note)	4,043
Demand deposits - GBP	GBP 56.54 (note)	<u>2</u>
		<u>157,310</u>
Cash equivalents		
Fixed term deposits - USD	USD 6,200,000 (Note), interest rate 3.60%, due in January 2026	<u>194,866</u>
		<u>\$ 352,539</u>

Note:	The exchange rate is calculated at	USD1=NT\$ 31.4300.
	The Hong Kong dollar is converted at an exchange rate of	HKD1=NT\$ 4.0380.
	The Chinese yuan is converted at an exchange rate of	CNY1=NT\$ 4.4716.
	The Japanese yen is converted at an exchange rate of	JPY1=NT\$ 0.2008.
	The euro is converted at an exchange rate of	EUR1=NT\$ 36.9000.
	The British pound is converted at an exchange rate of	GBP1=NT\$ 42.3300.
	The Australian Dollar is converted at an exchange rate of	AUD1=NT\$ 21.0100.

**Taita Chemical Company, Ltd.**

**Statement of Financial Assets at Fair Value through Profit or Loss - Current  
December 31, 2025**

**In Thousands of New Taiwan Dollars, Unless Stated Otherwise**

	Share (in thousands of shares)	Acquisition cost	Unit price (NT\$)	Total	Notes
Financial Assets at Fair Value through Profit or Loss - Non- derivative Financial Instruments					
Domestic listed (OTC) shares					
Taiwan Cement Corporation	2,000	\$ 67,910	23.2000	\$ 46,400	
Fund beneficiary certificates					
Fubon Money Market Fund	1,910	30,000	15.7087	30,000	
Beneficiary securities					
Cathay No. 1 Real Estate Investment Trust Fund	3,963	<u>45,486</u>	14.4000	<u>57,067</u>	
		<u>143,396</u>		<u>\$ 133,467</u>	
Adjustments on valuation		( <u>9,929</u> )			
		<u>\$ 133,467</u>			

**Taita Chemical Company, Ltd.**

**Statement of Account and Notes Receivable**

**December 31, 2025**

**Unit: NT\$ 1,000**

Name of Customer	Summary	Amount
Notes receivable		
Non-related party		
ASLI Mechanical Co., Ltd.	Loans	\$ 2,903
NIJES Enterprise Co., Ltd.	Loans	1,657
Hao Pin International Building Materials Co., Ltd.	Loans	958
NEW TAI LONG INDUSTRY CO., LTD.	Loans	892
Yan Hsin Technology Co., Ltd.	Loans	855
Others (Note)	Loans	<u>9,753</u>
		<u>17,018</u>
Accounts receivable		
Non-related party		
SNETOR OVERSEAS	Loans	109,905
TOYOTA TSUSHO ASIA PACIFIC PTE	Loans	52,454
Others (Note)	Loans	685,545
Allowance for impairment loss	Loans	( <u>369</u> )
		<u>847,535</u>
Related party		
USI Corporation	Loans	<u>2</u>
		<u>\$ 864,555</u>

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

**Taita Chemical Company, Ltd.****Statement of Inventories****December 31, 2025****Unit: NT\$ 1,000**

Item	Amount	
	Cost	Market price (Note 2)
Finished goods	\$ 408,516	\$ 389,863
Work in process	112,288	108,679
Raw materials	214,255	215,099
Supplies	17,224	17,038
	752,283	\$ 730,679
Allowance for inventory valuation (Notes 1 and 2)	( 23,003)	
Net amount	\$ 729,280	

Note 1: The allowance for inventory valuation is provided for the inventory impairment loss arising from obsolete and normal items carried at costs higher than the market price.

Note 2: Market value is calculated using net realizable value.

Note 3: The insured amount of inventories was NT\$1,164,203 thousand.

**Taita Chemical Company, Ltd.**

**Statement of Prepayments and Other Current Assets**

**December 31, 2025**

**Unit: NT\$ 1,000**

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<u>Item</u>	<u>Amount</u>
Supplies	\$ 67,670
Prepayments for insurance	13,215
Others (Note)	<u>4,206</u>
	<u>\$ 85,091</u>

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

## Taita Chemical Company, Ltd.

## Statement of Financial Assets at Fair Value through Other Comprehensive Incomes - non-current

For the Year Ended 2025

Unit: NT\$ 1,000

Name of the Financial Product	Beginning balance		Increase this year		Decrease this year		Ending balance		Guarantee or Pledge	Notes
	Share (in thousands of shares)	Fair value	Share (in thousands of shares)	Amount	Share (in thousands of shares)	Amount (Note)	Share (in thousands of shares)	Fair value		
USI Corporation	15,110	\$ 162,432	-	\$ 5,287	-	\$ -	15,110	\$ 167,719	None	—
Harbinger Venture Capital Corporation	1	<u>5</u>	-	<u>-</u>	-	<u>-</u>	1	<u>5</u>	None	—
Total		<u>\$ 162,437</u>		<u>\$ 5,287</u>		<u>\$ -</u>		<u>\$ 167,724</u>		

Note: The increased amount of \$5,287 thousand during the year was due to the change in adjusting the fair value.

## Taita Chemical Company, Ltd.

Statement of changes in investments accounted for under the equity method  
For the Year Ended 2025

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

Investee Company	Beginning balance		Increase this year		Decrease this year		Ending balance		Market Value/Net Equity Value		Guarantee or Pledge	Notes	
	Share (in thousands of shares)	Amount	Share (in thousands of shares)	Amount	Share (in thousands of shares)	Amount	Share (in thousands of shares)	Shareholding (%)	Amount	Unit Price			Total Amount
TAITA (BVI) Holding Co., Ltd.	89,738	\$3,302,022	-	\$ 3,201	-	\$ -	89,738		\$3,305,223	37.48	\$3,224,792	None	Notes 1, 2
China General Plastics Corporation	11,516	173,096	-	168	-	20,012	11,516		153,252	10.95	126,102	None	Notes 1, 3, 7
China General Terminal & Distribution Corporation	25,053	302,831	-	620	-	16,306	25,053		287,145	11.46	287,145	None	Notes 1, 4
Acme Electronics Corporation	4,992	<u>49,569</u>	-	<u>7</u>	-	<u>1,556</u>	4,992		<u>48,020</u>	28.40	<u>141,760</u>	None	Notes 1, 5, 8
Subtotal		3,827,518		3,996		37,874			3,793,640		<u>\$3,779,799</u>		
Adjustments from allowance		( <u>20,102</u> )		-		<u>62,457</u>			( <u>82,559</u> )				Notes 1, 6
Net amount		<u>\$3,807,416</u>		<u>\$ 3,996</u>		<u>\$ 100,331</u>			<u>\$3,711,081</u>				

Note 1: The calculation of the investment income and net equity of the investees was based on their audited financial statements for the year ended December 31, 2025.

Note 2: The increase in the current year was due to the recognition of investment income of NT\$3,201 thousand.

Note 3: The increase for the current year was primarily attributable to the recognition of changes in the investee's capital surplus in proportion to the Company's shareholding, amounting to NT\$21 thousand, and the recognition of changes in remeasurements of the investee's defined benefit plan, amounting to NT\$147 thousand. The decrease for the current year was primarily attributable to the recognition of investment losses of NT\$18,214 thousand, cash dividends received at NT\$0.15 per share totaling NT\$1,727 thousand, and valuation adjustments of NT\$71 thousand on the investee's financial assets measured at fair value through other comprehensive income.

Note 4: The increase for the current year was primarily attributable to the recognition of changes in remeasurements of the investee's defined benefit plan in proportion to the Company's shareholding, amounting to NT\$620 thousand. The decrease for the current year was primarily attributable to the recognition of investment losses of NT\$12,596 thousand and valuation adjustments of NT\$3,710 thousand on the investee's financial assets measured at fair value through other comprehensive income.

Note 5: The increase for the current year was primarily attributable to the recognition of changes in remeasurements of the investee's defined benefit plan in proportion to the Company's shareholding, amounting to NT\$7 thousand. The decrease for the current year was primarily attributable to the recognition of investment losses of NT\$1,556 thousand.

Note 6: The decrease represents the difference after the translation of the foreign currency from the financial statements of the investee company.

Note 7: The market value is calculated based on the closing prices at TWSE on the last trading day of December 2025.

Note 8: The market value is calculated based on the closing prices at TPEX on the last trading day of December 2025.

## Taita Chemical Company, Ltd.

Statement of Changes in Right-of-use Assets  
For the Year Ended 2025

Unit: NT\$ 1,000

Item	Beginning balance	Increase this year	Decrease this year	Ending balance	Notes
Cost					
Land	\$ 55,433	\$ -	\$ -	\$ 55,433	
Accumulated depreciation					
Land	27,716	\$ 4,620	\$ -	32,336	
	<u>\$ 27,717</u>			<u>\$ 23,097</u>	

## Taita Chemical Company, Ltd.

## Statement of Short-term Borrowings

December 31, 2025

Unit: NT\$ 1,000

Type of Loans	Interest Rate (%)	Ending balance	Contract Period	Financing limit	Pledge or Guarantee
Unsecured borrowings					
Yuanta Commercial Bank	1.920%	\$ 300,000	114.10.16-115.04.30	\$ 300,000	None
Bank of China	1.980%	300,000	114.12.22-115.01.22	300,000	None
Taipei Fubon Bank	1.980%	400,000	114.12.05-115.01.22	900,000	None
Chang Hwa Bank	1.990%	140,000	114.12.30-115.01.23	500,000	None
Export-Import Bank of the Republic of China	0.880%	150,000	114.12.05-115.12.04	150,000	None
		<u>\$ 1,290,000</u>		<u>\$ 2,150,000</u>	

**Taita Chemical Company, Ltd.**

**Statement of Accounts Payable**

**December 31, 2025**

**Unit: NT\$ 1,000**

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<u>Name of Supplier</u>	<u>Amount</u>
Non-related party	
Formosa Chemicals & Fibre Corporation	\$ 258,885
Taiwan Styrene Monomer Corporation	129,130
Others (Note)	<u>182,983</u>
	<u>570,998</u>
 Related parties	
Swanson Plastics Corporation	<u>74</u>
	<u>\$ 571,072</u>

Note: The balance of each supplier does not exceed 5% of the balance of this account.

**Taita Chemical Company, Ltd.**

**STATEMENT OF LONG-TERM BORROWINGS**

**December 31, 2025**

**Unit: NT\$ 1,000**

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<u>Type of Loans</u>	<u>Interest Rate (%)</u>	<u>Ending balance</u>	<u>Contract Period</u>	<u>Financing limit</u>	<u>Pledge or Guarantee</u>
Unsecured borrowings Export-Import Bank of the Republic of China	2.19%	<u>\$ 150,000</u>	114.12.29-117.12.29	<u>\$ 300,000</u>	None

**Taita Chemical Company, Ltd.**

**Statement of Proceeds of Sale**

**For the Year Ended 2025**

**Unit: NT\$ 1,000**

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<u>Item</u>	<u>Quantity (Ton)</u>	<u>Amount</u>
ABS	97,368	\$ 4,084,971
GPS	91,669	3,322,921
EPS	55,780	2,179,184
Glass wool products	12,712	558,361
IPS	135	<u>5,713</u>
		<u><u>\$ 10,151,150</u></u>

**Taita Chemical Company, Ltd.**

**Statement of Cost of Goods Sold**

**For the Year Ended 2025**

**Unit: NT\$ 1,000**

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Item	Amount
Raw materials	
Raw materials at the beginning	\$ 227,630
Purchase of materials	7,804,807
Sale of materials	( 3,009)
Transfer expenses	( 110)
Raw materials at the end	( <u>214,255</u> )
	7,815,063
Director labor	163,396
Manufacturing expense (Statement 14)	<u>1,268,330</u>
Manufacturing costs	9,246,789
Work in process at the beginning	212,321
Work in process at the end	( <u>112,288</u> )
Cost of finished goods	9,346,822
Finished goods at the beginning	522,375
Cost of finished goods from purchases	131,831
Adjustment of other costs	( 631)
Finished products at the end of the year	( <u>408,516</u> )
	9,591,881
Sale of raw materials	3,009
Adjustment from inventories valuation	<u>8,767</u>
	<u><u>\$ 9,603,657</u></u>

**Taita Chemical Company, Ltd.**

**Statement of Manufacturing Expenses**

**For the Year Ended 2025**

**Unit: NT\$ 1,000**

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<u>Item</u>	<u>Amount</u>
Fuel expenses	\$ 473,450
Indirect material	214,531
Salary and incentives	186,493
Depreciation expenses	173,246
Others (Note)	<u>220,610</u>
	<u><u>\$ 1,268,330</u></u>

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

**Taita Chemical Company, Ltd.**

**Statement of Selling and Marketing Expenses**

**For the Year Ended 2025**

**Unit: NT\$ 1,000**

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<u>Item</u>	<u>Amount</u>
Freight and export expenses	\$ 698,378
Others (Note)	<u>94,649</u>
	<u>\$ 793,027</u>

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

**Taita Chemical Company, Ltd.**

**Statement of General and Administrative Expenses**

**For the Year Ended 2025**

**Unit: NT\$ 1,000**

---

<u>Item</u>	<u>Amount</u>
Professional service expenses	\$ 84,577
Salary and incentives	20,689
Others (Note)	<u>22,663</u>
	<u>\$ 127,929</u>

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

**Taita Chemical Company, Ltd.**

**Statement of Research and Development Expenses**

**For the Year Ended 2025**

**Unit: NT\$ 1,000**

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Title	Amount
Salary and incentives	\$ 9,739
R&D and testing expenses	5,016
Insurance expenses	941
Others (Note)	<u>2,014</u>
	<u>\$ 17,710</u>

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

## Taita Chemical Company, Ltd.

Statement of Employee Benefits and Depreciation and Amortization Expenses by Function  
For the Years Ended December 31, 2025 and 2024

Unit: NT\$ 1,000

	2025				2024			
	Cost of goods sold	Operating expenses	Other gains and losses	Total	Cost of goods sold	Operating expenses	Other gains and losses	Total
Employee benefit expenses								
Salaries	\$ 326,791	\$ 44,199	\$ -	\$ 370,990	\$ 325,236	\$ 54,790	\$ -	\$ 380,026
Labor and health insurance	29,532	3,163	-	32,695	28,953	3,670	-	32,623
Pensions	14,096	1,777	-	15,873	14,594	1,945	-	16,539
Directors' remuneration	-	8,098	-	8,098	-	6,884	-	6,884
Other employee benefits	17,436	1,690	-	19,126	20,254	2,156	-	22,410
	<u>\$ 387,855</u>	<u>\$ 58,927</u>	<u>\$ -</u>	<u>\$ 446,782</u>	<u>\$ 389,037</u>	<u>\$ 69,445</u>	<u>\$ -</u>	<u>\$ 458,482</u>
Depreciation expenses	<u>\$ 173,246</u>	<u>\$ 700</u>	<u>\$ 1,642</u>	<u>\$ 175,588</u>	<u>\$ 170,296</u>	<u>\$ 655</u>	<u>\$ 1,414</u>	<u>\$ 172,365</u>
Amortization expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ 98</u>	<u>\$ -</u>	<u>\$ 498</u>

## Note:

- The number of employees in 2025 and 2024 fiscal years were 362 and 371, respectively. Among them, the number of non-executive directors who are not employees is 7, and their calculation basis is consistent with employee benefits expenses.
- The average employee benefit expenses for the Company in fiscal years 2025 and 2024 were NT\$1,236 thousand and NT\$1,241 thousand, respectively (calculated as "Total Employee Benefit Expenses - Total Director Remuneration" divided by "Number of Employees - Number of Directors not concurrently serving as employees"). The average salary expenses for the Company in fiscal years 2025 and 2024 were NT\$1,045 thousand and NT\$1,044 thousand respectively (calculated as "Total Salary Expenses" divided by "Number of Employees - Number of Directors not concurrently serving as employees").
- Change in average employee salary expense is 0.10% ((Average employee salary expense of the current year - Average employee salary expense of the previous year) / Average employee salary expense of the previous year).
- The Company has established the Audit Committee. Therefore, there was no compensation to the supervisor for the years ended December 31, 2025 and 2024.
- The Company's remuneration policy:
  - Directors and managerial officers:
    - The remuneration of directors and managerial officers shall be given with reference to the prevailing standards of the same industry and in consideration of the reasonableness of the correlation between the company's business performance and future risks.
    - There shall be no incentive for the directors or managerial officers to pursue remuneration by engaging in activities that exceed the tolerable risk level of the Company.
    - The percentage of employee compensation for short-term performance and the timing of payment of some variable salary and compensation shall be determined by considering the characteristics of the industry and the nature of the Company's business.
  - Employees:

The remuneration policy for employees is formulated with reference to government regulations, market conditions and dynamics of remuneration in the industry, changes in the overall economy and industry environment and the Company's organizational structure. The payment standards are determined in accordance with the Company's "Regulations on Salary Management", "Regulations on Employee Performance Evaluation" and "Regulations for the Distribution of Bonus for Supervisors". In addition, the Company has established the "Regulations on Year-end Bonus" to provide year-end bonuses (including employee compensation) depending on the company's profitability and employee performance.