Stock Code:1464

De Licacy Industrial Co., Ltd.

Individual Financial Statement for the Years ended December 31, 2025 and 2024 and Independent Auditor's Report

Address: No. 820, 005 Lin, San Sher Li, Fuxing Rd., Xinshi Dist., Tainan City

Tel: (06)599-2866

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Independent Auditor’s Report

Dear the Board of Directors and Shareholders of De Licacy Industrial Co., Ltd.

Opinion

We have audited the accompanying financial statements of De Licacy Industrial Co., Ltd. (the “Company”), which comprise the parent company balance sheets as of December 31, 2025 and 2024, and the parent company of comprehensive income, parent company of changes in equity and parent company of cash flows for the years then ended, and the notes to the parent company only financial statements Individual statements , including a summary of significant accounting policies.

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

Basis of Opinion

We conducted our audits entrusted by the Company in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the 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 ROC, 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 Matter

Key audit matters are those matters that, in our professional judgment, were of most significance 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 descriptions of the key audit matter of the 2025 parent company only financial statements of the Company are as follows:

<u>Authenticity of revenue recognition</u>

The Company is engaged in manufacturing, dyeing and finishing, and trading of various textiles. Whether the revenue from specific customers actually occurred has a significant impact on the financial statement of the current year. Therefore, the authenticity of revenue recognition from specific customers is listed as a key audit item. Please refer to the Parent company only financial statements Note 4(12) for the explanation of revenue recognition policy.

The accountants had performed major auditing procedures to the sales revenue from specific customers, which are as follows:

1. Understand and test the effectiveness of the design and implementation of the internal sales cycle control system.
2. Select samples from the sales details of the above-mentioned specific customers, verify their purchase orders, pro forma invoices, export declarations and other relevant documents to confirm whether the control rights of the goods had been truly transferred and the obligations had been performed, and check whether the sales objects and the payers were consistent to confirm the authenticity of the sales revenue.

Management's and Governance's Responsibility for the Individual Financial Statements

Management's responsibility is to prepare parent company only financial statements in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations and Interpretations issued by the Financial Supervisory Commission, and to maintain such internal control relevant to the preparation of parent company only financial statements as is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management's responsibility also includes assessing the ability of the Company to continue as a going concern, the disclosure of related matters, and the adoption of the going concern basis of accounting, unless management intends to liquidate the Company or cease operations, or there is no practical alternative to liquidation or discontinuation of operations.

The governance unit (Audit Committee) of the Company has the responsibility for overseeing the financial reporting process.

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

As part of an audit performed in accordance with auditing standards, we exercise professional judgment and professional skepticism throughout the audit. We are also:

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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists

related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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. We have obtained sufficient and appropriate auditing evidence of the financial information of the constituted entities of the Company to express our opinions on the parent company only financial statements. We are responsible for the guidance, supervision and execution of the Company's audits and we are responsible for providing auditing opinions with the Company.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 2025 financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Touche Tohmatsu, Inc.

CPA: Liao, Hong-Ru

CPA: Wang, Teng-Wei

Financial Supervisory Commission
Authorized No. :Jin-Guan-Certificate No. 0990031652

Financial Supervisory Commission
Authorized No. :Jin-Guan-Certificate No. 1100356048

Date: March 25, 2026

De Licacy Industrial Co., Ltd.

Parent Company Only Balance Sheets

The Years Ended December 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)

		December 31, 2025		December 31, 2024	
Code	Assets	Amount	%	Amount	%
	Current assets				
1100	Cash (Note 4 and 6)	$ 329,998	3	$ 180,403	2
1110	Financial assets at fair value through profit or loss-current (Note 4 and 7)	4,606	-	13,974	-
1136	Financial assets at amortized cost-current (Note 4, 8 and 33)	62,637	1	38,144	-
1150	Notes receivable (Note 4, 9 and 23)	3,145	-	12,258	-
1160	Notes receivable-related parties (Note 4, 9, 23 and 32)	193,753	2	4,370	-
1170	Net accounts receivable (Note 4, 9 and 23)	297,095	3	465,819	4
1180	Accounts receivable-related parties (Note 4, 9, 23 and 32)	133,121	1	349,604	3
1200	Other receivables (Note 4)	1,832	-	5,647	-
1210	Other receivables-related parties (Note 4 and 32)	239,242	2	190,622	2
1220	Current income tax assets (Note 4 and 25)	2,846	-	-	-
130X	Inventory (Note 4 and 10)	1,042,401	9	1,229,931	10
1410	Prepayments (Note 14)	26,018	-	52,383	-
1470	Other current assets (Note 15)	18,251	-	36,305	-
11XX	Total current assets	2,354,945	21	2,579,460	21
	Non-current assets				
1535	Financial assets at amortized cost-non-current (Note 4, 8 and 33)	202,695	2	217,127	2
1550	Investments accounted for using equity method (Note 4 and 11)	7,685,628	68	8,409,066	69
1600	Property, plant and equipment (Note 4, 12, 32 and 33)	670,956	6	699,102	6
1755	Right-of-use assets (Note 4, 13, and 32)	22,688	-	9,064	-
1840	Deferred tax assets (Note 4 and 25)	227,190	2	146,121	1
1920	Refundable deposits (Note 4)	18,965	-	10,425	-
1915	Prepayment for equipment	-	-	17,201	-
1975	Net confirmed welfare assets (Note 4 and 21)	59,007	1	48,439	1
15XX	Total non-current assets	8,887,129	79	9,556,545	79
1XXX	Total assets	$ 11,242,074	100	$ 12,136,005	100
Code	Liabilities and Equity				
	Current liabilities				
2100	Short-term loans (Note 16 and 33)	$ 1,615,260	14	$ 1,861,600	15
2110	Short-term notes payable (Note 16 and 33)	779,591	7	959,501	8
2150	Notes payable (Note 17)	34,208	-	69,435	1
2160	Notes payable-related parties (Note 32)	49,737	1	58,909	-
2170	Accounts payable (Note 17)	38,500	-	85,070	1
2180	Accounts payable-related parties (Note 32)	104,666	1	150,340	1
2200	Other payables (Note 18)	199,222	2	308,727	3
2220	Other payables-related parties (Note 32)	763,865	7	642,729	5
2230	Current tax liabilities (Note 4 and 25)	45,317	-	69,244	1
2280	Lease liabilities-current (Note 4, 13, and 32)	10,004	-	4,424	-
2313	Deferred income-current (Note 4 and 19)	2,748	-	2,883	-
2322	Long-term loans due within one year (Note 16 and 33)	122,674	1	585,862	5
2350	Provision – current (Note 4 and 20)	11,520	-	-	-
2365	Refund liabilities-current (Note 4)	2,932	-	3,589	-
2399	Other current liabilities	65,840	1	45,761	-
21XX	Total current liabilities	3,846,084	34	4,848,074	40
	Non-current liabilities				
2541	Long-term bank loans (Note 16 and 33)	2,054,070	18	1,663,237	14
2560	Current tax liabilities – non-current (Note 4 and 25)	37,572	1	-	-
2570	Deferred tax liabilities (Note 4 and 25)	83,716	1	85,797	1
2580	Lease liabilities-non-current (Note 4, 13, and 32)	13,016	-	4,715	-
2630	Deferred income-non-current (Note 4 and 19)	5,052	-	8,905	-
2645	Deposits received	5,270	-	5,697	-
25XX	Total non-current liabilities	2,198,696	20	1,768,351	15
2XXX	Total liabilities	6,044,780	54	6,616,425	55
	Equity (Note 22)				
3110	Common stocks	4,255,757	38	4,076,396	33
3200	Capital surplus	626,253	5	581,654	5
	Retained earnings				
3310	Legal reserve	228,368	2	183,693	2
3320	Special reserve	242,791	2	412,522	3
3350	Unappropriated retained earnings	406,361	4	508,106	4
3300	Total retained earnings	877,520	8	1,104,321	9
3400	Other equity	(534,764)	(5)	(242,791)	(2)
3500	Treasury shares	(27,472)	-	-	-
3XXX	Total equity	5,197,294	46	5,519,580	45
	Total labilities and equity	$ 11,242,074	100	$ 12,136,005	100

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

Chairman: Yeh, Chia-Ming Manager: Yu, Yi-Nung Accounting Manager: Huang, Hsiu-Feng

De Licacy Industrial Co., Ltd.

Parent Company Only Statements of Comprehensive Income

For the Years Ended December 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)

(Except Earnings Per Share)

		2025		2024	
Code		Amount	%	Amount	%
	Operating revenue (Note 4, 23 and 32)				
4100	Net sales revenue	$ 3,361,750	100	$ 3,903,412	99
4800	Other operating revenue	15,515	-	50,494	1
4000	Total operating revenue	3,377,265	100	3,953,906	100
	Operating costs (Note 10, 21, 24 and 32)				
5110	Cost of goods sold	3,086,060	91	3,524,262	89
5900	Gross profit	291,205	9	429,644	11
5910	Unrealized losses of subsidiaries and associates (Note 4)	6,376	-	6,376	-
5920	Realized losses of subsidiaries and associates (Note 4)	(6,376)	-	(6,361)	-
5950	Gross realized operating revenue	291,205	9	429,659	11
	Operating expenses (Note 10, 21, 24 and 32)				
6100	Marketing expenses	159,431	5	187,887	5
6200	General and administrative expenses	131,031	4	213,396	5
6300	Research and development expenses	93,097	3	104,887	3
6450	Expected credit loss	10,950	-	6,979	-
6000	Total operating expenses	394,509	12	513,149	13
6500	Net other income and expenses (Note 24 and 32)	(5,219)	-	(14,256)	-
6900	Net operating loss	(108,523)	(3)	(97,746)	(2)
	Non-operating revenue and expenses (Note 4, 7, 24 and 32)				
7100	Interest income	17,299	-	22,503	1
7010	Other income	36,791	1	46,952	1
7020	Other gains and losses	(40,053)	(1)	43,916	1
7050	Finance costs	(113,797)	(3)	(109,097)	(3)
7070	Share of profit or loss of subsidiaries and associates accounted for using equity method	370,871	11	642,104	16
7000	Total non-operating revenue and expenses	271,111	8	646,378	16
7900	Net profit before tax	162,588	5	548,632	14

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Code		2025 Amount	2025 %	2024 Amount	2024 %
7950	Income tax expenses (Note 4 and 25)	$ 12,525	1	$ 126,629	3
8200	Net profit for the year	150,063	4	422,003	11
	Other comprehensive income, net				
8310	Items not reclassified to profit or loss:				
8311	Determine the remeasurement of the benefit plan (Note 21)	15,348	1	15,572	1
8316	Unrealized appraisal gains and losses of equity instrument investments measured at fair value through other comprehensive income (Note 22)	-	-	1	-
8331	Remeasurements of defined benefit plans of associates accounted for using equity method	806	-	593	-
8336	Unrealized gains or losses of subsidiaries and associates measured at fair value through other comprehensive income accounted for using equity method (Note 22)	1,855	-	12,842	-
8349	Income tax related to items not reclassified (Note 25)	(3,070)	-	(3,114)	-
		14,939	1	25,894	1
	Items that may be reclassified to profit or loss in the future:				
8361	Exchange differences on conversion of financial statements of foreign operations (Note 22)	(351,598)	(10)	198,130	5
8380	Share of other comprehensive income of subsidiaries and associates accounted for using equity method (Note 22)	(19,317)	(1)	10,078	-
8399	Income tax related to items that may be reclassified (Note 22 and 25)	70,320	2	(39,626)	(1)
8360		(300,595)	(9)	168,582	4
8300	Total other comprehensive income for the year (net after tax)	(285,656)	(8)	194,476	5
8500	Total comprehensive income for the year	($ 135,593)	(4)	$ 616,479	16
	Earnings per share (Note 26)				
9710	Basic	$ 0.35		$ 0.99	
9810	Diluted	$ 0.35		$ 0.99	

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

Chairman: Yeh, Chia-Ming Manager: Wei-Li Yeh Accounting Manager: Huang, Hsiu-Feng

De Licacy Industrial Co., Ltd.

Parent Company Only Statements of Changes in Equity

For the Years Ended December 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)

(Except Dividends Per Share)

Code		Common stocks	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated retained earnings	Other equity: Exchange differences on conversion of financial statements of foreign operations	Other equity: Unrealized gains or losses on financial assets at fair value through other comprehensive income	Other equity: Total	Treasury shares	Total equity
A1	Balance at 1 January 2024	$ 4,076,396	$ 581,654	$ 176,258	$ 327,892	$ 255,333	($ 399,105)	($ 13,417)	($ 412,522)	$ -	$ 5,005,011
	Appropriations of 2023 earnings (Note 22)										
B1	Legal reserve	-	-	7,435	-	(7,435)	-	-	-	-	-
B3	Special reserve	-	-	-	84,630	(84,630)	-	-	-	-	-
B5	Cash dividends to shareholders of the Company – $0.25 per share	-	-	-	-	(101,910)	-	-	-	-	(101,910)
D1	Net income for the year ended December 31, 2024	-	-	-	-	422,003	-	-	-	-	422,003
D3	Other comprehensive profit (loss) after tax for the year ended December 31, 2024	-	-	-	-	13,051	168,582	12,843	181,425	-	194,476
D5	Total comprehensive profit (loss) after tax for the year ended December 31, 2024	-	-	-	-	435,054	168,582	12,843	181,425	-	616,479
Q1	Disposal of equity instruments measured at fair value through other comprehensive income (Note 22)	-	-	-	-	11,694	-	(11,694)	(11,694)	-	-
Z1	Balance at December 31, 2024	4,076,396	581,654	183,693	412,522	508,106	(230,523)	(12,268)	(242,791)	-	5,519,580
	Appropriations of 2024 earnings (Note 22)										
B1	Legal reserve	-	-	44,675	-	(44,675)	-	-	-	-	-
B3	Special reserve	-	-	-	(169,731)	169,731	-	-	-	-	-
B5	Cash dividends to shareholders of the Company – $0.5 per share	-	-	-	-	(203,820)	-	-	-	-	(203,820)
B9	Stock dividends to shareholders of the Company – $0.44 per share	179,361	-	-	-	(179,361)	-	-	-	-	-
D1	Net income for the year ended December 31, 2025	-	-	-	-	150,063	-	-	-	-	150,063
D3	Other comprehensive profit (loss) after tax for the year ended December 31, 2025	-	-	-	-	13,084	(300,595)	1,855	(298,740)	-	(285,656)
D5	Total comprehensive profit (loss) after tax for the year ended December 31, 2025	-	-	-	-	163,147	(300,595)	1,855	(298,740)	-	(135,593)
Q1	Disposal of equity instruments measured at fair value through other comprehensive income (Note 22)	-	-	-	-	(6,767)	-	6,767	6,767	-	-
M5	Acquisition of subsidiaries	-	-	-	-	-	-	-	-	(28,177)	(28,177)
M7	Changes in ownership interests in subsidiaries	-	43,864	-	-	-	-	-	-	705	44,569
M1	Capital surplus adjusted for distributing dividends to subsidiaries	-	735	-	-	-	-	-	-	-	735
Z1	Balance at December 31, 2025	$ 4,255,757	$ 626,253	$ 228,368	$ 242,791	$ 406,361	($ 531,118)	($ 3,646)	($ 534,764)	($ 27,472)	$ 5,197,294

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

Chairman: Yeh, Chia-Ming　　Manager: Yu, Yi-Nung　　Accounting Manager: Huang, Hsiu-Feng

De Licacy Industrial Co., Ltd.

Parent Company Only Statements of Cash Flows

For the Years Ended December 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)

Code		2025	2024
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before tax	$ 162,588	$ 548,632
A20010	Revenues/Expenses		
A20100	Depreciation	97,444	99,827
A20300	Expected credit loss	10,950	6,979
A20400	Net gain on financial assets and liabilities at fair value through profit or loss	(2)	(9,039)
A20900	Finance costs	113,797	109,097
A21200	Interest income	(17,299)	(22,503)
A22300	Share of profit or loss of subsidiaries and associates accounted for using equity method	(370,871)	(642,104)
A22500	Loss on disposal of property, plant and equipment	5,219	14,256
A29900	Gain on disposal of subsidiaries	(418)	-
A23700	Inventory valuation and obsolescence losses	90,450	60,138
A23900	Unrealized losses of subsidiaries and associates	(6,376)	(6,376)
A24000	Realized losses of subsidiaries and associates	6,376	6,361
A24100	Unrealized foreign exchange losses	15,481	18,904
A29900	Gains from lease amendment	(8)	-
A29900	Reversal of allowance for refund liability	(657)	(1,089)
A29900	Appropriation of provision	11,520	-
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	9,113	2,941
A31140	Notes receivable-related parties	(189,383)	25,615
A31150	Accounts receivable	157,774	(142,146)
A31160	Accounts receivable-related parties	216,483	(225,813)
A31180	Other receivables	327	(21)
A31190	Other receivables-related parties	(2,644)	515
A31200	Inventory	97,080	141,527
A31230	Prepayments	26,365	(8,367)
A31240	Other current assets	18,054	(12,061)
A32130	Notes payable	(30,256)	(36,786)
A32140	Notes payable-related parties	(9,172)	5,318
A32150	Accounts payable	(46,570)	29,490
A32160	Accounts payable-related parties	(45,674)	52,487
A32180	Other payables	(94,358)	129,431
A32190	Other payables-related parties	(6,276)	(14)
A32210	Deferred income-current and non-current	(3,988)	(4,752)
A32230	Other current liabilities	20,079	3,293
A32240	Net defined benefit assets-non-current	4,780	(161)
A33000	Cash generated from operations	239,928	143,579
A33100	Interest received	16,103	20,692
A33200	Dividends received	334,716	110,863

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Code		2025	2024
A33300	Interest paid	($ 121,978)	($ 106,591)
A33500	Income tax paid	(17,626)	(28,727)
AAAA	Net cash generated from operating activities	451,143	139,816
	Cash flow from investing activities		
B00040	Acquisition of financial assets at amortized cost	(1,135,222)	(587,133)
B00060	Financial assets at amortized cost repayment of principal upon maturity	1,124,904	1,150,438
B00100	Acquisition of financial assets at fair value through profit or loss	(18,911)	(19,647)
B00200	Disposal of financial assets at fair value through profit or loss	28,281	19,619
B00020	Sales of financial assets at fair value through other comprehensive income	-	1,082
B02200	Net cash outflows from acquisition of subsidiaries	(464,656)	-
B02300	Net cash inflows from disposal of subsidiaries	37,088	-
B02400	Refund of paid-up capital from capital reduction of investments accounted for using equity method	1,043,528	-
B02700	Acquisition of property, plant and equipment	(88,044)	(60,117)
B02800	Proceeds from disposal of property, plant and equipment	7,441	31,345
B03700	Increase in refundable deposits	(8,680)	(740)
B03800	Decrease in refundable deposits	140	501
B04300	Increase in other receivables-related parties	(550,000)	(200,000)
B04400	Decrease in other receivables-related parties	440,000	100,000
B07100	Increase in prepayment for equipment	100	(17,101)
BBBB	Net cash generated from investing activities	415,969	418,247
	Cash flows from financing		
C00100	Increase in short-term loans	10,781,460	12,129,300
C00200	Decrease in short-term loans	(11,027,800)	(12,425,928)
C00500	Increase in short-term notes payable	11,648,665	14,826,406
C00600	Decrease in short-term notes payable	(11,828,575)	(14,426,328)
C01600	Payments of finance lease liabilities	3,251,400	-
C01700	Repayment of long-term debt	(3,315,258)	(623,036)
C03000	Increase in deposits received	646	17,538
C03100	Decrease in deposits received	(1,073)	(22,049)
C03700	Increase in other payables-related parties	874,159	1,459,002
C03800	Decrease in other payables-related parties	(762,228)	(1,520,693)
C04020	Repayment of the principal portion of lease liabilities	(10,607)	(11,077)
C04500	Cash dividends	(203,820)	(101,910)
C05400	Acquisition of subsidiaries	(124,486)	-
CCCC	Net cash generated from (used in) financing activities	(717,517)	(698,775)
EEEE	NET INCREASE (DECREASE) IN CASH	149,595	(140,712)
E00100	CASH AT THE BEGINNING OF THE YEAR	180,403	321,115
E00200	CASH AT THE END OF THE YEAR	$ 329,998	$ 180,403

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

Chairman: Yeh, Chia-Ming Manager: Wei-Li Yeh Accounting Manager: Huang, Hsiu-Feng

De Licacy Industrial Co., Ltd.

Notes to the Parent company only financial statements

For the Years Ended December 31, 2025 and 2024

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

1. Company history

De Licacy Industrial Co., Ltd. (the "Company") was incorporated in July 1982 and engaged in manufacturing, dyeing and finishing, and trading of textiles.

The Company's stock has been listed and traded on the Taiwan Stock Exchange since January 1997.

The currency used in the parent company only financial statements is New Taiwan Dollars.

2. The date and procedures for passing the financial report

The parent company only financial statements were approved by the Company's board of directors on March 5, 2026.

3. Application of newly issued and revised standards and interpretations

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

The application of amendments to the IFRS accounting standards recognized and issued by the FSC did not have a significant impact on the Company and the entities controlled by the Company's (collectively, the "Group") accounting policies.

(2) The IFRS accounting standards endorsed by the FSC for application starting from 2026

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

As of the approval date of the financial statements, the Company evaluates that the application of aforementioned amendments to standards will not have significant impact on the Company's financial position and financial performance.

(3) New IFRS accounting standards in issue but not yet endorsed and issued into effect by the FSC

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 2)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (including the amendments in 2025)	January 1, 2027
Amendments to IAS21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027

Note 1: Unless stated otherwise, the above new, amended or revised IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The FSC has declared on September 25, 2025 that entities in Taiwan shall apply IFRS 18 since January 1, 2028, or elect to apply in advance after FSC endorses IFRS 18.

IFRS 18 "Presentation and Disclosure in Financial Statements" and relevant supporting amendments

IFRS 18 "Presentation and Disclosure in Financial Statements" will replace IAS 1. The primary changes include:

- The Company shall evaluate whether it invests in particular type of assets and provides financing to customers as a specific main business activity, and classify items in the statement of profit or loss into categories: operating, investing, financing, income taxes and discontinued operations accordingly.
- Operating profit or loss, profit or loss before financing and income taxes, and subtotal and total of profit or loss shall be presented in the statements of profit or loss.
- Providing enhanced guidance on the principles of aggregation and disaggregation: the Company shall identify assets, liabilities, equity, income, expenses, and cash flows from single transactions or other matters, and group and aggregate based on shared characteristics, to make each line item of the primary financial statements with at least one similar characteristic. Items with different characteristics shall be disaggregated in the primary financial statements and notes. Only if the Company is unable to find a more informative name, the item may be labelled as "others."
- New disclosure requirements for management-defined performance measures (MPMs): the consolidated company shall disclose the information related to management-defined performance measures in a single note in the financial statements, including descriptions to the measures, how to calculate, a reconciliation between the MPMs and the most similar specified subtotal in IFRS Accounting Standards, and the effects on income taxes and non-controlling interests arising from relevant reconciliation items. when making public communications outside the financial statements, and communicating an aspect of the financial performance of the Company as a whole.

In addition, IAS 7 “Statement of Cash Flows” was amended by the supporting measures:

- When the Company prepare the cash flows from operating activities by indirect method, operating profit or loss shall be used as the starting point.
- The Company shall classify interests and dividends received to investing activities, and interests and dividends paid to financing activities. If the Company has specified main operating activities after assessment, the types of dividend income, interest income and interest expenses in the statement of profit or loss shall be considered, to determine the categories of the dividends received, interests received, and interests paid in the statement of cash flows. However, the aforementioned each cash flow can be classified in a single activity in the statement of cash flows separately.

Except for the aforementioned impacts, as of the approval date of the financial statements, the Company continues to evaluate other impact of the amendments to each standard and interpretation on the financial status and financial performance; the relevant impact will be disclosed upon completion of the assessment.

4. Summary explanation of major accounting policies

(1) Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS accounting standards as endorsed and issued into effect by the FSC.

(2) Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair value and net defined benefit assets recognized at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 input is quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3. Level 3 inputs are unobservable inputs for an asset or liability.

In the preparation of parent company only financial statements, the Company applies the equity method to investment subsidiaries and related enterprises. In order to make the annual profit or loss, other comprehensive profit or loss and equity of the parent company only financial statements the same as the annual profit or loss, other comprehensive profit or loss and equity of the Company attributable to the owners of the Company in the parent company only financial statements of the Company, a number of accounting differences on an individual and consolidated basis are adjusted for the “Investment using the equity method”, “Profit or loss share of the subsidiaries and related companies using the equity method” and related equity items.

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

Current assets include:

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

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting period; and
3. The Company does not have the substantive right at the balance sheet date to defer settlement of the liability for at least twelve months after the balance sheet date.

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

(4) Foreign currency

In preparing the financial statements of each individual entity, transactions in currencies other than the entity’s functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that 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 that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gain and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction (i.e., not recalculated).

In the preparation of parent company only financial statements, the assets and liabilities of foreign operating institutions (including subsidiaries and associates in countries in which they operate or in currencies different from the

Company) are converted to NTD at the exchange rate of each balance sheet date. Income and expense loss items are converted at the average exchange rate for the period and the resulting conversion difference is recognized as other comprehensive profit or loss.

(5) Inventory

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

(6) Investment in subsidiaries

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

A subsidiary is an entity over which the Company has control.

Under the equity method, the original investment is recognized at cost, and the carrying amount of the investment after the acquisition date increases or decreases in accordance with the Company's share of earnings and other comprehensive income or loss of the subsidiary and profit distribution. In addition, changes in the Company's other equity interests in subsidiaries are recognized in proportion to the Company's ownership interest.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of loss in a subsidiary equals or exceeds its interest in the subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term interests that are substantially part of the Company's net investment in the subsidiary), the loss continues to be recognized in proportion to the Company's ownership.

When control over a subsidiary is lost, the Company measures its remaining investment in the former subsidiary at fair value at the date of loss of control. The difference between the fair value of the remaining investment and the carrying amount of the investment at the date of loss of control, if any, is recognized in profit or loss for the current period. In addition, all amounts recognized in other comprehensive income or loss related to the subsidiary are accounted for on the same basis as if the Company had disposed of the related assets or liabilities directly.

Unrealized gains or losses on downstream transactions with subsidiaries are eliminated in the parent company only financial statements. Gains or losses resulting from counter-current and side-stream transactions with subsidiaries are recognized in the parent company only financial statements only to the extent that they are not related to the Company's interest in the subsidiary.

(7) Investment in associates

An associate is an enterprise over which the Company has significant influence but which is not a subsidiary or a joint venture.

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

Under the equity method, investments in associates are initially recognized at cost, and the carrying amount of such investments is adjusted for any subsequent increases or decreases in the Company's share of income or loss of the associates and other comprehensive income or loss and profit distribution. In addition, changes in equity in associates are recognized in proportion to the Company's ownership interest.

When the Company subscribes for additional new shares of the 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 the Company's share of equity of associates. If the Company's ownership interest is reduced due to the additional subscription of the new shares of associates, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

Gains or losses resulting from transactions with associates are recognized in the financial statements only to the extent that they are not related to the Company's interest in the associates.

(8) Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced by these assets to test whether these assets can operate normally before the status for intended use are measured at the lower of cost or net realizable value, and their sales price and costs are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If their respective lease terms are shorter than their useful lives, such assets are depreciated over their lease terms. 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 accounting estimate values accounted for on a prospective basis.

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

(9) Impairment of property, plant and equipment and right-of-use assets

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

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

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of depreciation) that would have been determined had the impairment loss not been recognized in prior years. Reversal of impairment loss is recognized in profit or loss.

(10) Financial instruments

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

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

1. Financial assets

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

(1) Types of measurement

The types of financial assets held by the Company are financial assets at fair value through profit or loss, financial assets measured at amortized cost and investments in equity instruments measured at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets at fair value through profit or loss on a mandatory basis. Financial assets at fair value through profit or loss include investments in equity instruments that are not designated as at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value with dividends and interest recognized in other income and interest income, respectively, and gains or losses arising from remeasurement recognized in other gains and losses. For the determination of fair value, please refer to Note 31.

B. Financial assets at amortized cost

Financial assets are classified as financial assets carried at amortized cost if both of the following conditions are met:

a. they are held within an operating model whose objective is to hold the financial assets to collect the contractual cash flows; and
b. the contractual terms give rise to cash flows at a specific date, which are solely payments of principal and interest on the principal amount outstanding.

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

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial asset.

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

C. Investments in equity instruments at fair value through other comprehensive income ("FVTOCI")

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 subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of 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.

(2) Impairment of financial assets

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

An allowance for impairment is recognized on accounts receivable based on the expected credit loss over the period of the receivable. If there is no significant increase in credit risk, an allowance for loss is recognized on the basis of expected credit losses over 12 months, and if there is a significant increase, an allowance for loss is recognized on the basis of expected credit losses over the remaining period.

Expected credit losses are weighted average credit losses based on the risk of default, 12-month expected credit losses represent expected credit losses arising from possible defaults within 12 months after the reporting date and expected credit losses over the life of the financial instrument represent expected credit losses arising from all possible defaults during the expected life of the financial instrument.

For internal credit risk management purposes, the Company determines that a default on a financial asset has occurred when internal or external information indicates that the debtor is unlikely to settle the obligation, without regard to the collateral held.

An impairment loss on a financial asset is recognized by reducing the carrying amount of the financial asset through an allowance account.

(3) Derecognition of financial assets

Financial assets are derecognized only when the Company's contractual rights to the cash flows from the financial assets have lapsed or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

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

2. Financial liabilities

(1) Subsequent measurement

All of the Company's financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

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

3. Derivative instruments

Derivatives are exchange rate swaps entered into by the Company to manage the Company's exposure to exchange rate risk.

Derivatives are initially recognized at fair value at the time the derivative contracts are entered into and subsequently remeasured at fair value at the balance sheet date, with gains or losses arising from subsequent measurements recognized directly in profit or loss. When the fair value of a derivative is positive, it is recorded as a financial asset; when the fair value is negative, it is recorded as a financial liability.

(11) Provision

The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the balance sheet date, and in consideration of the risk and uncertainty of obligations. Provisions shall be measured by the expected cash flows to settle the present obligation.

Provisions for carbon fees

Provisions for carbon fees are recognized based on the best estimates of the expenditure required to settle the obligation of the current year in accordance with relevant laws and regulations including the Regulations Governing the Collection of Carbon Fees, etc.

(12) Revenue recognition

After recognizing performance obligations under customer contracts, the Company allocates the transaction price to each performance obligation and recognizes revenue when each performance obligation is satisfied.

Merchandise Sales Revenue

Revenue from merchandise sales is derived from sales of long- and short-staple fibers. The Company recognizes revenue and accounts receivable at the point when the customer has the right to set the price and use of the products and has the primary responsibility to re-sell the products, as well as the risk of obsolescence. Receipts in advance are recognized as contract liabilities when the trade term of merchandise is fulfilled or before the shipment. Sales returns and discounts that possibly occur are estimated historical experiences and consideration of different contract terms and conditions. Refund liabilities are recognized accordingly.

Therefore, the Company does not recognize revenue at the time of material removal.

(13) Leases

The Company assesses whether the contract is a lease at the contract inception date.

1. The Company is the lessor

A lease is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the asset to the lessee. All other leases are classified as operating leases.

Lease payments under operating leases are recognized as income on a straight-line basis over the term of the relevant lease. The original direct costs incurred in acquiring an operating lease are added to the carrying amount of the underlying asset and recognized as an expense over the lease term on a straight-line basis. The lease negotiations with the lessees shall be accounted for as a new lease from the effective date of the lease modification.

2. The Company is the lessee

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

Right-of-use assets are measured initially at cost (which is the original measurement of the lease liability) and subsequently measured at cost less accumulated depreciation, with adjustments for remeasurement of the lease liability. Right-of-use assets are presented separately in the individual balance sheets.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life or the end of the lease term.

Lease liabilities are measured initially at the present value of the lease payments (which are fixed payments). If the interest rate implied by the lease is readily determinable, the lease payments are discounted using that rate. If the interest rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is allocated over the lease term. If a change in the lease term results in a change in future lease payments, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly, but if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented separately in the individual balance sheets.

(14) Borrowing costs

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

Investment income earned on specific borrowings that are temporarily invested prior to the incurrence of qualifying capital expenditures is deducted from the cost of borrowings eligible for capitalization.

Except as described above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

(15) Government grants

Government grants are recognized only when there is reasonable assurance that the Company will comply with the conditions attached to the government grant and that the grant will be received.

Government grants related to revenue are recognized in other income on a systematic basis over the period in which they are intended to compensate the Company for the related costs recognized as expenses. Government grants that are contingent upon the Company's acquisition, construction or other acquisition of non-current assets are recognized as deferred revenue and are transferred to profit or loss on a reasonable and systematic basis over the useful lives of the related assets.

Government grants are recognized in profit or loss in the period in which they become receivable if they are intended to compensate for expenses or losses already incurred or to provide immediate financial support to the Company and have no future related costs.

(16) 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. Retirement benefits

   Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

   Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (which is current service cost) and net interest on the net defined benefit assets are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

   Net defined benefit assets represent the actual surplus in the Company’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(17) Taxation

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

1. Current tax

Current income (loss) is determined by the regulations of each jurisdiction in which the Company files income tax returns and is used to calculate the amount of tax payable (recoverable).

Income tax on undistributed earnings is recognized in the year when the shareholders' meeting is held.

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

2. Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the tax bases used to compute taxable income.

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

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

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

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

3. Current and deferred taxes

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

5. Major sources of uncertainty in major accounting judgments, estimates 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, the Company considers the effects of inflation and market interest rate fluctuations when making its critical accounting estimates, including cash flow estimates, growth rate, discount rate and profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. Cash

	December 31, 2025	December 31, 2024
Cash on hand, turnover	$ 410	$ 410
Bank checks and demand deposits	329,588	179,993
	$ 329,998	$ 180,403

7. Financial instruments at fair value through profit and loss

	December 31, 2025	December 31, 2024
Financial assets-current		
Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
Fund beneficiary certificates	$ 4,606	$ 13,974

The financial assets and liabilities at fair value through profit or loss incurred valuation losses of $377 thousand and $21,942 thousand for the years ended December 31, 2025 and 2024, respectively, are included in other gains and losses in the parent company only statements of comprehensive income.

8. Financial assets at amortized cost

	December 31, 2025	December 31, 2024
Current		
Domestic investment		
Pledged demand deposit	$ 55,137	$ 30,144
Pledged time deposit (1)	7,500	8,000
	$ 62,637	$ 38,144
Non-current		
Domestic investment		
Pledged time deposit (1)	$ -	$ 14,175
Subordinate bonds of Fubon Life Insurance (2)	202,695	202,952
	$ 202,695	$ 217,127

(1) As of December 31, 2025 and 2024, time deposit interest rate range is 0.35% and 0.68%～0.82%, respectively.

(2) Th Company purchased the second unsecured cumulative subordinate 10-year corporate bonds issued by Fubon Life Insurance Co., Ltd. in 2024 by NT$203,000 thousand (with par value of NT$200,000 thousand) in October 2024, which will be matured in October 2034. The coupon rate is 3.7%, and the effective interest rate is 3.52%.

(3) For information on pledges of financial assets measured at amortized cost. (see Note 33)

(4) The Company invests only in liability instruments with low credit risk as assessed by the impairment. The Company considers the historical default loss rate and the outlook of the industry in which it operates to measure the expected credit loss over 12 months or the expected credit loss over the life of the investment in liability instruments. As the debtor has low credit risk and sufficient ability to settle the contractual cash flows, no expected credit loss has been recorded against financial assets at amortized cost as of December 31, 2025 and 2024.

9. Notes receivables (including related parties) and accounts receivables, net (including related parties)

(1) Notes receivables (including related parties)

Notes receivables of the Company are all business-related.

No overdue notes receivable of the Company on December 31, 2025 and 2024, thus no allowance was made for losses.

(2) Accounts receivables (including related parties)

	December 31, 2025	December 31, 2024
At amortized cost		
Total carrying amount	$ 449,361	$ 828,036
Less: Loss allowance	19,145	12,613
	$ 430,216	$ 815,423

The average credit period for merchandise sales is 60 days and accounts receivable are non-interest bearing. To mitigate credit risk, the Company's management assigns a dedicated team to determine credit limits, approve credit facilities and other monitoring procedures to ensure that appropriate actions are taken to collect overdue accounts receivable. In addition, the Company reviews the recoverable amounts of accounts receivable on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible accounts receivable. Accordingly, the Company's management believes that the Company's credit risk has been significantly reduced.

The Company recognizes an allowance for losses on accounts receivable based on expected credit losses over the period of time. The expected credit loss for the duration of the period is calculated, which takes into account the customer's past default history and current financial condition. Since the Company's credit loss history shows that there is no significant difference in loss patterns among different customer groups, it does not further differentiate between customer groups and only uses the number of days that accounts receivables are open to determine the expected credit loss rate.

If there is evidence that the counter-party is in serious financial difficulty and the Company cannot reasonably expect to recover the amount, for example, if the counter-party is in liquidation, the Company directly eliminates the related accounts receivable, but continues to pursue recovery activities, as the amount recovered is recognized in profit or loss.

The Company measured the allowance for losses on accounts receivable based on the provision matrix as follows:

December 31, 2025

	Less than 90 days	91-180 days	181-365 days	366 days above	Total
Expected credit loss rate	0%	0%～16.11%	87.75%	100%	
Total carrying amount	$ 390,441	$ 42,605	$ 2,967	$ 13,348	$ 449,361
Loss allowance (life-time expected credit loss)	-	(3,203)	(2,594)	(13,348)	(19,145)
Amortized cost	$ 390,441	$ 39,402	$ 373	$ -	$ 430,216

December 31, 2024

	Less than 90 days	91-180 days	181-365 days	366 days above	Total
Expected credit loss rate	0%	0%～5%	0%～100%	0%～100%	
Total carrying amount	$ 707,443	$ 107,640	$ 6,128	$ 6,825	$ 828,036
Loss allowance (life-time expected credit loss)	-	(1,810)	(3,978)	(6,825)	(12,613)
Amortized cost	$ 707,443	$ 105,830	$ 2,150	$ -	$ 815,423

Information on the changes of the loss allowance of accounts receivable is as follows:

	2025	2024
Beginning balance	$ 12,613	$ 21,980
Impairment loss	10,950	6,979
Actual write-off	(4,418)	(16,346)
Ending balance	$ 19,145	$ 12,613

10. Inventories

	December 31, 2025	December 31, 2024
Finished goods	$ 613,337	$ 702,624
Work-in-progress	291,880	363,562
Raw materials	137,184	163,745
	$ 1,042,401	$ 1,229,931

Natures of cost of goods sold:

	2025	2024
Cost of inventory sold	$ 2,939,512	$ 3,418,543
Unallocated manufacturing cost	55,491	45,421
Losses on inventory valuation	90,450	60,138
Others	607	160
	$ 3,086,060	$ 3,524,262

11. Investments accounted for using equity method

	December 31, 2025	December 31, 2024
Investment in subsidiary	$ 7,685,628	$ 8,258,836
Investment in associates	-	150,230
	$ 7,685,628	$ 8,409,066

(1) Investment in subsidiary

	December 31, 2025	December 31, 2024
Non-listed (non-OTC-listed) companies		
De Licacy (Samoa) Holdings Company	$ 3,057,547	$ 4,460,733
Lucky Unique Enterprise Co., Ltd.	647,304	-
De-Fa International Industrial Co., Ltd.	89,812	36,418
View Best Global Limited	39,632	30,524
Chadtex Industrial Co., Ltd.	-	35,410
British Virgin Islands De Licacy Holdings Limited	3,818,206	3,695,751
Indonesia De Licacy Enterprise Co., Ltd.	33,127	-
	$ 7,685,628	$ 8,258,836

	Percentage of ownership and voting rights		
	December 31, 2025	December 31, 2024	Note
De Licacy (Samoa) Holdings Company	100%	100%	1)
Lucky Unique Enterprise Co., Ltd.	67.96%	-	2), 3)
De-Fa International Industrial Co., Ltd.	100%	100%	
View Best Global Limited	100%	100%	
Chadtex Industrial Co., Ltd.	-	55.06%	3)
British Virgin Islands De Licacy Holdings Limited	100%	100%	
Indonesia De Licacy Enterprise Co., Ltd.	99%	-	4)

1) De Licacy (Samoa) Holdings Company implemented capital decrease in total amount of $960,938 thousand in January, March, November, and December 2025 in proportion to percentage of ownership.

2) In response for the development in the structure's future operation and expansion of foresing production locations, and entering into the apparel industry, the Company acquired 27,841 thousand shares of Lucky Unique at $15.5 per share with total transaction amount of $431,529 thousand, which results in the increase in percentage of ownership from 23.62% to 70.72%. Lucky Unique and its subsidiaries were included in the consolidated entities of the Company since the first quarter of 2025. Lucky Unique implemented capital increase in April 2025. As the Company did not subscribe $124,486 thousand in proportion to the percentage of ownership, the percentage of ownership decreased from 70.02% to 67.96%. Please refer to Note 32 "Equity transactions with non-controlling interests" to the consolidated financial statements for the year ended December 31, 2025.

3) Please refer to Note 30 "Business combination" and Note 31 "Disposal of subsidiaries" to the consolidated entities of the Company since the first quarter of 2025 for the disclosures on acquisition of Lucky Unique Group and disposal of Chadtex Company.

4) In order to diversify regional risks, align with global expansion and cost optimization strategy to promote international competitiveness, the Company established a textile plant in Indonesia. The registration of incorporation of the company has been completed in September 2025, and the payment for shares has been remitted in October 2025.

For the details of the Company's indirectly held investment in subsidiaries, please refer to Schedule 6 and 7.

The shares of profit or loss and other comprehensive income of the subsidiaries accounted for using equity method in 2025 and 2024 are recognized based on the audited financial statements of each subsidiary for the same periods.

(2) Investment in associates – significant associates

	December 31, 2025	December 31, 2024
Lucky Unique Enterprise Co., Ltd.	$ -	$ 150,230

As of December 31, 2024, the percentages of ownership and voting rights to Lucky Unique Enterprise Co., Ltd. was 23.62%.

The Company measured the aforementioned associates by equity method.

The following summarized financial information has been prepared on the basis of the financial statements of each associate IFRS accounting standards and reflects adjustments made under the equity method.

Lucky Unique

	December 31, 2024
Current assets	$ 1,069,182
Non-current assets	1,099,086
Current liabilities	(1,323,529)
Non-current liabilities	(208,708)
Equity	$ 636,031
Percentage of ownership	23.62%
Equity attributable to the Company	$ 150,230

	2024
Operating revenue	$ 1,554,748
Net income (loss)	($ 130,046)

For the business nature, principal place of business and country information of the company registration of the above-mentioned related enterprises, please refer to Schedule 6 “Information of the Invested Company, Location ... and Other Related Information”.

12. Property, plant and equipment

The schedule of changes in property, plant and equipment for the years ended December 31, 2025 and 2024 is shown in Schedule 9.

Owned land includes a portion of the Company's plant (with a carrying value of $23,507 thousand), which is agricultural land and is temporarily registered in the name of others, but the agricultural land has been pledged to the Company.

The Company’ property, plant and equipment were assessed in 2025 and 2024, there is no indication of impairment.

Depreciation expense is provided on a straight-line basis over the following useful lives:

Land improvements	3 to 40 years
Buildings	
Plant main buildings	20 to 55 years
Mechanical and power equipment	5 to 40 years
Engineering system	3 to 55 years
Others	2 to 25 years
Machinery equipment	2 to 12 years
Transportation equipment	3 to 6 years
Other equipment	2 to 25 years

For the amount of property, plant and equipment pledged as security for loans by the Company, see Note 33.

13. Lease agreement

(1) Right-of-use assets

	Buildings	Transportation equipment	Total
Cost			
Balance at 1 January 2024	$ 24,919	$ 5,542	$ 30,461
Additions	-	7,261	7,261
Reductions	-	(5,267)	(5,267)
Balance at December 31, 2024	$ 24,919	$ 7,536	$ 32,455
Accumulated depreciation			
Balance at 1 January 2024	$ 14,070	$ 3,764	$ 17,834
Depreciation	8,539	2,285	10,824
Reductions	-	(5,267)	(5,267)
Balance at December 31, 2024	$ 22,609	$ 782	$ 23,391
Net at December 31, 2024	$ 2,310	$ 6,754	$ 9,064
Cost			
Balance at 1 January 2025	$ 24,919	$ 7,536	$ 32,455
Additions	24,077	-	24,077
Reductions	(24,918)	(275)	(25,193)
Balance at December 31, 2025	$ 24,078	$ 7,261	$ 31,339
Accumulated depreciation			
Balance at 1 January 2025	$ 22,609	$ 782	$ 23,391
Depreciation	7,979	2,125	10,104
Reductions	(24,569)	(275)	(24,844)
Balance at December 31, 2025	$ 6,019	$ 2,632	$ 8,651
Net at December 31, 2025	$ 18,059	$ 4,629	$ 22,688

(2) Lease liabilities

	December 31, 2025	December 31, 2024
Lease liabilities carrying amount		
Current	$ 10,004	$ 4,424
Non-current	$ 13,016	$ 4,715
Buildings	$ 18,305	$ 2,356
Transportation equipment	4,715	6,783
	$ 23,020	$ 9,139

The discount rate range of the lease liabilities is as follows:

	December 31, 2025	December 31, 2024
Buildings	3.68%	1.4%～3.1%
Transportation equipment	3.10%～3.49%	3.1%～3.49%

(3) Important tenant activities and terms

The Company leased certain pieces of land and buildings for factory and office use for a term of 2 to 3 years. At the end of the lease term, the Company has no priority purchasing rights for the leased buildings.

As of December 31, 2025, the right-of-use asset lease period was as follows:

Buildings	March 2028
Transportation equipment	November 2029

(4) Other leasing information

	2025	2024
Short-term leasing expense	$ 552	$ 13,040
Total cash used in leasing	$ 11,927	$ 24,294

The Company has selected to apply the exemption from recognition to leases office premises and plant that qualify as short-term leases and does not recognize the related right-of-use assets and lease liabilities for these leases.

All commitments under leases with lease periods beginning after the balance sheet date are as follows:

	December 31, 2025	December 31, 2024
Lease commitment	$ 534	$ 2,773

14. Prepayments

	December 31, 2025	December 31, 2024
Prepayment for purchases	$ 11,901	$ 17,236
Prepayment for plating fee	2,836	3,598
Prepayment for bank management fee	-	9,100
Others	11,281	22,449
	$ 26,018	$ 52,383

15. Other current assets

	December 31, 2025	December 31, 2024
Income tax refund receivable	$ 18,063	$ 35,783
Others	188	522
	$ 18,251	$ 36,305

16. Loans

(1) Short-term loans

	December 31, 2025	December 31, 2024
Secured loan (Note 33)		
Bank loan	$ 75,000	$ 340,000
Unsecured loan		
Bank loan by line of credit	1,540,260	1,521,600
	$ 1,615,260	$ 1,861,600
Secured bank loans	2.42%	2.28%～2.3%
Bank loan by line of credit	2.14%～2.45%	1.84%～2.42%

(2) Short-term bills payable

	December 31, 2025	December 31, 2024
Commercial paper payable (Note 33)	$ 780,000	$ 960,000
Less: Discount on short-term notes and bills payable	409	499
	$ 779,591	$ 959,501

Outstanding short-term notes and bills payable are as follows:

December 31, 2025

Guarantor/Acceptance agency	Face amount	Discount amount	Carrying amount	Interest rate range (%)	Name of collateral	Collateral carrying amount
Commercial paper payable						
Grand Bills Finance Corp.	$ 50,000	$ 87	$ 49,913	1.55	None	$ -
China Bills Finance Corp.	40,000	3	39,997	1.53	None	-
Da Ching Bills Finance Corp.	50,000	45	49,955	2.04	None	-
O-Bank	260,000	214	259,786	1.5	None	-
The Bank of East Asia	210,000	60	209,940	1.5	None	-
O-Bank	170,000	-	170,000	2.08	Subordinate bonds of Fubon Insurance	202,695
	$ 780,000	$ 409	$ 779,591			

December 31, 2024

Guarantor/ Acceptance agency	Face amount	Discount amount	Carrying amount	Interest rate range (%)	Name of collateral	Collateral carrying amount
Commercial paper payable						
Grand Bills Finance Corp.	$ 50,000	$ 30	$ 49,970	1.7	None	$ -
Taiwan Cooperative Bills Finance Corp.	100,000	70	99,930	1.81	None	-
China Bills Finance Corp.	30,000	12	29,988	1.65	None	-
Mega Bills Finance Co. Ltd.	30,000	57	29,943	1.94	None	-
Dah Chung Bills Finance Corp.	50,000	23	49,977	1.89	None	-
Da Ching Bills Finance Corp.	50,000	58	49,942	2.02	None	-
Taiwan Finance Corp.	50,000	102	49,898	2	None	-
International Bills Finance Corp.	50,000	21	49,979	1.91	None	-
O-Bank	260,000	71	259,929	1.66	None	-
The Bank of East Asia	120,000	55	119,945	1.67	None	-
O-Bank	170,000	-	170,000	2.07	Subordinate bonds of Fubon Insurance	202,952
	$ 960,000	$ 499	$ 959,501			

(3) Long-term bank loans

	December 31, 2025	December 31, 2024
Secured loan		
Syndicated loans 2. And 3.	$ 1,997,275	$ 1,825,016
Less: Syndicated loans arrangement fee	8,305	1,925
	1,988,970	1,823,091
Unsecured loan		
Bank loan by line of credit1.	187,774	426,008
	2,176,744	2,249,099
Less: Classified as current portion due within one year	122,674	585,862
	$ 2,054,070	$ 1,663,237

1. Bank guarantees and credit loans

	Expiry date	Contents	December 31, 2025	December 31, 2024
Unsecured loan				
Bank loan by line of credit	2025.03.20～2026.12.08	Since September 2020, the principal has been amortized on an average half-year basis. This loan was intended to remit the capital required to set up the Vietnam plant in the investment share capital.	$ 75,000	$ 170,000
Bank loan by line of credit	2026.05.15～2029.07.09	From May and June 2022, the principal was repaid in monthly installments.	83,250	129,210
Bank loan by line of credit	2025.08.21～2029.11.12	From September 2021 and December 2022, the principal was repaid in monthly installments.	26,480	84,911
Bank loan by line of credit	2025.10.08	From November 2021, the principal was repaid in monthly installments.	-	20,833
Bank loan by line of credit	2026.02.04	From March 2022, the principal was repaid in monthly installments.	3,044	21,054
			187,774	426,008
Less: Classified as current portion due within one year			122,674	238,086
			$ 65,100	$ 187,922

The annual interest rate as of December 31, 2025 and 2024 were 1.19%～2.62% and 1.19%～2.57%, respectively.

2. New bank syndications signed on December 19, 2024

(1) Bank syndication quota－$2,200,000 thousand

On December 19, 2024, the Company entered into a syndicated credit agreement with a syndicate of banks for a total amount of $2,200,000 thousand, the purpose of which is to repay loans from financial institutions and to replenish medium-term operating turnover.

Terms and conditions

	Line of credit	Used amount December 31, 2025	Credit period	Annual interest rate	Credit granting method
Item A	$ 1,200,000	$ 1,200,000	From the date of first use to the date of expiration of 5 years	3.13%	Should not be revolving use
Item B (Commercial paper guarantee)	1,000,000	797,275	From the date of first use to the date of expiration of 5 years	1.58%～1.77%	Revolving use is allowed
	$ 2,200,000	$ 1,997,275			

Settlement method

Item A: The 30-month maturity date from the first drawdown date (April 22, 2025) will be the first installment. Thereafter, the outstanding principal balance of Item A before the date of expiration will be amortized in six months at a rate of six installments. Of these, 8% were amortized for the first to fifth installments and 60% for the sixth installment. However, if the date of amortization of the balance of principal for any period as set out in the foregoing manner will be later than the final maturity date, the final maturity date shall be the amortization date of the principle for that period.

Item B: The full payment obligation shall be fulfilled on the maturity date of the commercial promissory note at the face amount as scheduled, and the first installment shall expire 30 months from the date of the first use, and thereafter the amount shall be reduced in six installments at a rate of one every six months. Among them, the first to the fifth phase of the amortization and decrement of 8%, the sixth phase of the amortization and decrement of 60%.

Concerning the revolving issuance of commercial paper agreement signed with financial institutions, in accordance with "Regarding "Doubts about the Classification of Liabilities Arising from the Funds Raised by Revolving Issuance of Commercial Paper by Entities" issued by Accounting Research and Development Foundation IFRS Q&A about Whether Retrospectively Apply," the commercial paper revolvingly issued will be classified as current liabilities since January 1, 2026.

(2) Financial ratio

During the term of this contract, the Company's consolidated financial statements for the first half and for the year shall maintain the ratios shown below:

A. Current Ratio (Current Assets/ (Current Liabilities－Dividends payable)): shall not be less than one hundred percent (100%) (Inclusive).

B. Liabilities Ratio: (Total Liabilities－Dividends Payable－Bank loans secured by full certificates of deposit)/Net of tangibles: shall not be higher than two hundred percent (200%) (inclusive).

C. Interest covers multiplier ((Net income before tax + Finance costs + Depreciation + Amortization)/Amortization)/Finance costs): in the first half, 3.5 time (inclusive) above; since 2026, 4 times (inclusive) above.

D. Net of Tangibles (Equity (include minor shareholdings)－Intangible Assets＋Dividends payable): not less than $4.5 billion (inclusive).

The above financial ratios shall be reviewed every six months. If the borrower fails to meet any one of the above financial ratios in one inspection, from the latest interest rate adjustment base date after the inspection date, the loan interest rate shall be increased by 0.15% until the financial ratios meet all financial ratio requirements at the next inspection.

All financial ratios in the Company's 2025 consolidated financial statements were in compliance with the above loan contract requirements.

3. Old bank syndications signed on September 30, 2021

(1) Bank syndication quota－$2,200,000 thousand

On September 30, 2021, the Company entered into a syndicated credit agreement with a syndicate of banks for a total amount of $2,200,000 thousand, the purpose of which is to repay loans from financial institutions and to replenish medium-term operating turnover.

Terms and conditions

	Line of credit	Used amount December 31, 2025	Credit period	Annual interest rate	Credit granting method
Item A	$ 1,200,000	$ 985,824	From the date of first use to the date of expiration of 5 years	2.82%	Should not be revolving use
Item B (Commercial paper guarantee)	1,000,000	839,192	From the date of first use to the date of expiration of 5 years	1.63%～1.67%	Revolving use is allowed
	$ 2,200,000	1,825,016			
Less: Current portion		347,776			
		$ 1,477,240			

Settlement method

Item A: The 30-month maturity date from the first drawdown date (October 22, 2021) will be the first installment. Thereafter, the outstanding principal balance of Item A before the date of expiration will be amortized in six months at a rate of six installments. Of these, 8% were amortized for the first to fifth installments and 60% for the sixth installment. However, if the date of amortization of the balance of principal for any period as set out in the foregoing manner will be later than the final maturity date, the final maturity date shall be the amortization date of the principle for that period.

Item B: The full payment obligation shall be fulfilled on the maturity date of the commercial promissory note at the face amount as scheduled, and the first installment shall expire 30 months from the date of the first use, and thereafter the amount shall be reduced in six installments at a rate of one every six months. Among them, the first to the fifth phase of the amortization and decrement of 8%, the sixth phase of the amortization and decrement of 60%.

(2) Financial ratio

During the term of this contract, the Company's consolidated financial statements shall maintain the ratios shown below:

A. Current Ratio (Current Assets/(Current Liabilities − Dividends payable)): shall not be less than one hundred percent (100%) (Inclusive).

B. Liabilities Ratio: (Total Liabilities − Dividends Payable − Bank loans secured by full certificates of deposit)/Net of tangibles: before 2022 (inclusive), shall not be higher than two hundred and twenty-five percent (225%) (inclusive); in 2023, shall not be higher than two hundred and ten percent (210%) (inclusive); in 2024, shall not be higher than two hundred percent (200%) (inclusive).

C. Interest covers multiplier ((Net income before tax + Finance costs + Depreciation + Amortization)/Amortization)/Finance costs): 4 times (inclusive) above.

D. Net of Tangibles (Equity(include minor shareholdings) − Intangible Assets + Dividends payable): not less than $4.5 billion (inclusive).

All financial ratios in the Company's 2024 consolidated financial statements were in compliance with the above loan contract requirements.

The Company's pledges to secure long-term loans are described in Note 33.

17. Notes payables and Accounts payables

(1) Notes payable

	December 31, 2025	December 31, 2024
Occurrence due to business	$ 33,969	$ 64,225
Occurrence due to nonbusiness − purchase of property, plant and equipment	239	5,210
	$ 34,208	$ 69,435

(2) All accounts payable for business.

(3) The Company has a financial risk management policy to ensure that all payables are repaid within the prearranged credit terms.

18. Other payables

	December 31, 2025	December 31, 2024
Payroll payable and bonus	$ 31,373	$ 74,332
Remuneration for employees and directors	32,685	32,406
Utilities payable	16,801	27,031
Commission payable	11,244	19,987
Transportation fee payable	6,050	10,395
Leave payable	5,243	8,094
Equipment payable	-	15,337
Sludge treatment payable	9,532	7,912
Foreign workers expense payable	20,833	20,000
Others	65,461	93,233
	$ 199,222	$ 308,727

19. Deferred revenue

	December 31, 2025	December 31, 2024
Current	$ 2,748	$ 2,883
Non-current	$ 5,052	$ 8,905

This represents government subsidies from environmental improvement projects, energy conservation projects and production line technology renovation, which has been recorded as deferred income and transferred to profit or loss over the useful lives of the related assets of 1 to 14 years.

20. Provisions – current

	December 31, 2025	December 31, 2024
Carbon fee	$ 11,520	$ -

(1) The Company recognizes provisions for carbon fee liabilities since 2025 in accordance with relevant laws and regulations, including Regulations Governing the Collection of Carbon Fees. The Company uses general rate as the calculation basis.

(2) Changes are as follows:

	2025
Beginning balance	$ -
Appropriation in current year	11,520
Ending balance	$ 11,520

21. Post-employment benefit plan

(1) Defined contribution plan

The Labor Pension Act, which is a defined post-employment contribution plan administered by the government, is applicable to the Company and its domestic subsidiaries, and contributes 6% of employees' monthly salaries to the individual accounts of the Labor Insurance Bureau.

(2) Defined benefit plan

The pension plan of the Company and its domestic subsidiaries under the Labor Standards Act in Taiwan is a government-administered defined benefit pension plan. The employees' pension payments are based on the average salary for the six months prior to the date of approved retirement. The Company contributes 4% of the employees' monthly salaries to the pension fund, which is deposited in the name of the Labor Pension Fund Supervisory Committee in a special account in the Bank of Taiwan. If the balance of the special account is not sufficient to pay the employees who are expected to meet the retirement requirements in the following year before the end of the year, the difference will be withdrawn in one lump sum by the end of March of the following year. The management of the special account is entrusted to the Bureau of Labor Funds, Ministry of Labor, and The Company has no right to influence the investment management strategy.

The amounts of defined benefit plan included in the individual balance sheets are shown below:

	December 31, 2025	December 31, 2024
Present value of defined benefit obligation	$ 124,177	$ 156,851
Plan assets at fair value	(183,184)	(205,290)
	($ 59,007)	($ 48,439)

Movements of net confirmed welfare assets:

	Present value of defined benefit obligation	Plan assets at fair value	Net defined benefit assets
January 1, 2024	$ 170,872	($ 203,578)	($ 32,706)
Current service costs	248	-	248
Interest expense (income)	2,136	(2,545)	(409)
Recognized in profit or loss	2,384	(2,545)	(161)
Remeasurement			
Planning assets remuneration (in addition to the amount included in net interest)	-	(18,309)	(18,309)
Actuarial loss (gain)			
Changes in financial assumptions	(66)	-	(66)
Experience adjustment	2,803	-	2,803
Recognized in other comprehensive income	2,737	(18,309)	(15,572)
Benefit expenditures	156,851	(205,290)	(48,439)
December 31, 2024	187	-	187
Current service costs	5,319	-	5,319
Interest expense (income)	2,353	(3,079)	(726)

	Present value of defined benefit obligation	Plan assets at fair value	Net defined benefit assets
Recognized in profit or loss	7,859	(3,079)	4,780
Remeasurement			
Planning assets remuneration (in addition to the amount included in net interest)	-	(14,875)	(14,875)
Actuarial loss (income)			
Changes in financial assumptions	2,304	-	2,304
Experience adjustment	(2,777)	-	(2,777)
Recognized in other comprehensive income	(473)	(14,875)	(15,348)
Benefit expenditures	(40,060)	40,060	-
December 31, 2025	$ 124,177	($ 183,184)	$ 59,007

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

	2025	2024
Operating costs	($ 282)	($ 88)
Marketing expenses	(87)	(24)
General and administrative expenses	5,237	(23)
Research and development expenses	(88)	(26)
	$ 4,780	($ 161)

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

1. Investment risk: Bureau of Labor Funds, Ministry of Labor invests its labor pension funds in domestic and foreign equity securities, debt securities and bank deposits through its own use and entrusted operations, but the amount of Plan Assets allocated to the Company is based on the income at an interest rate not lower than the local bank's two-year time deposit rate.
2. Interest risk: The decrease in interest rates on government bonds will increase the current value of the defined benefit obligation, but the return on investment in plan assets will also increase, which will have a partially offsetting effect on the net defined benefit obligation.
3. Payroll risk: The defined benefit obligation current value is calculated by reference to the future salary of the plan member. Therefore, an increase in plan members' salaries will increase the defined benefit obligation current value.

The present value of the Company's defined benefit obligation was actuarially determined by a qualified actuary and the significant assumptions at the measurement date were as follows:

	December 31, 2025	December 31, 2024
Discount rate	1.25%	1.5%
Expected rate of salary increase	2.25%	2.25%

The amounts that would increase (decrease) the present value of the defined benefit obligation if there were reasonably possible changes in significant actuarial assumptions, respectively, with all other assumptions held constant, are as follows:

	December 31, 2025	December 31, 2024
Discount rate		
Increase 0.25%	($ 2,304)	($ 2,921)
Decrease 0.25%	$ 2,368	$ 3,004
Expected rate of salary		
Increase 0.25%	$ 2,305	$ 2,930
Decrease 0.25%	($ 2,254)	($ 2,864)

The sensitivity analysis above may not reflect actual changes in the current value of the defined benefit obligation because actuarial assumptions may be correlated with each other and changes in only one assumption are unlikely.

	December 31, 2025	December 31, 2024
Amount expected to be withdrawn within 1 year	$ -	$ -
Average period of defined benefit obligation expiration	7.5 years	7.5 years

23. Equity

(1) Common stocks

	December 31, 2025	December 31, 2024
Authorized shares (1000 shares)	480,000	480,000
Authorized capital stock	$ 4,800,000	$ 4,800,000
Number of shares issued and fully paid (1000 shares)	425,576	407,640
Issued capital stocks	$ 4,255,757	$ 4,076,396

The issued common shares have a par value of $10 per share and each share is entitled to one vote and the right to receive dividends.

The Company resolved to issue 17,936 thousand of new shares with a par value of NT$10 through the capitalization of retained earnings by the regular shareholders meeting on June 10, 2025. The paid-in capital became NT$4,255,757 thousand after the capital increase. The preceding cash capital increase proposal has been submitted and approved by the Securities and Futures Bureau of Financial Supervisory Commission on July 15, 2025 and August 11, 2025 was determined as the base date of the capital increase.

(2) Capital surplus

	December 31, 2025	December 31, 2024
May be used to make up losses, pay cash or capitalize (Note)		
Stock issuance premium	$ 405,552	$ 405,552
Corporate bond conversion premium	32,325	32,325
Treasury stocks transactions	77,881	77,146
Actual acquired or the difference between the actual acquisition or disposal price of a subsidiary and its carrying value	65,024	65,024
May be used to make up losses		
Recognition of changes in equity of investment in associates accounted for using equity method	1,607	1,607
Recognition of changes in ownership interests in subsidiaries (Note 2)	43,864	-
	$ 626,253	$ 581,654

Note 1: Such capital surplus may be used to cover losses or, when the Company has no losses, to distribute cash dividends or to capitalize capital, provided that such capitalization is limited to a certain percentage of the paid-in capital each year.

Note 2: Such capital surplus are effects from equity transactions for changes in equity of subsidiaries, when not actually acquire or dispose of subsidiaries' shares.

(3) Retained earnings and dividends policy

In accordance with the Company's Articles of Incorporation, if there is any surplus in the annual accounts, the Company shall first pay taxes to cover the deficits of previous years and then set aside 10% as legal reserve, but if the legal reserve has reached the Company's paid-in capital, it may not be set aside, and the rest shall be set aside or reversed to special reserve in accordance with the law, and the remaining amount shall be added up. The accumulated undistributed earnings of prior years shall be retained by the board of directors at its discretion, depending on the operational needs, to prepare a proposal for the distribution of earnings and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders. The Company's policy on the distribution of employees' and directors' remuneration is described in Note 24(8) "Employee Compensation and Directors' Remuneration".

Under the objective of maintaining schedule dividends, the Board of directors shall, in principle, distribute not less than 50% of the scheduled earnings, of which the cash portion of dividends and bonuses to shareholders shall not be less than 10% of the shareholders' distribution, subject to adjustment based on the Company's performance and capital requirements.

The legal reserve shall be set aside until the remaining balance reaches the Company's total paid-in capital and may be used to cover losses. If the Company has no deficit, the excess of the legal reserve over 25% of the total paid-in capital may be distributed in cash.

When the Company sets aside the special reserve by using the net amount of prior accumulated other equity deductions, and the unappropriated surplus in the previous period is insufficient to set aside, the current net profit after tax plus the other items other than the net profit after tax shall be included in the current unappropriated surplus for setting aside.

The Company resolved to distribute earnings for the years 2024 and 2023 at the shareholders meeting held on June 10, 2025 and June 7, 2024 as follows:

	2024	2023
Provision of legal reserve	$ 44,675	$ 7,435
Provision (reversal) of special reserve	($ 169,731)	$ 84,630
Cash dividends	$ 203,820	$ 101,910
Stock dividends	$ 179,361	$ -
Cash dividends per share (NT$)	$ 0.5	$ 0.25
Stock dividends per share (NT$)	$ 0.44	$ -

The earnings distribution proposal of 2025 to be resolved by the board of directors on March 5, 2026 is as follows:

	2025
Provision of legal reserve	$ 15,638
Provision of special reserve	$ 300,411
Cash dividends	$ 85,115
$0.2Cash dividends per share (NT$)	$ 0.2

The Company proposed by the board of directors on March 5, 2026, to distribute cash by capital surplus of 2025, and will distribute cash by capital surplus of $21,279 thousand, at $0.05 per share.

The earnings distribution proposal of 2025 is expected to be resolved by the regular shareholders meeting on June 9, 2026.

(4) Special reserve

	2025	2024
Beginning balance	$ 412,522	$ 327,892
Provision and reversal of special reserve		
Provision (reversal) of deductions to other equity	(169,731)	84,630
Ending balance	$ 242,791	$ 412,522

Upon the distribution of earnings, special reserve shall be set aside for the difference between the net deductions to other equity and the special reserve of $74,640 appropriated for first-time adoption of IFRSs. When there is reversal in the net deductions to other equity, the special reserve in proportion to the appropriation may be reversed for earnings distribution.

(5) Other equities

1. Exchange differences on conversion of financial statements of foreign operations

	2025	2024
Beginning balance	($ 230,523)	($ 399,105)
Current year occurred		
Conversion differences of foreign operations	(351,598)	198,130
Related taxes of foreign operations	70,320	(39,626)
Shares of subsidiaries and associates accounted for using equity method	(19,317)	10,078
Other comprehensive income of the year	(300,595)	168,582
Ending balance	($ 531,118)	($ 230,523)

2. Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income

	2025	2024
Beginning balance	($ 12,268)	($ 13,417)
Current period generated		
Unrealized gains or losses / Equity instruments	-	1
Shares of subsidiaries and associates accounted for using equity method	1,855	12,842
Total other comprehensive income	1,855	12,843
Transfer of accumulated gain or loss on disposal of equity instruments to retained earnings	6,767	(11,694)
Ending balance	($ 3,646)	($ 12,268)

(6) Treasury shares

	Parent company's shares held by subsidiaries (in thousand shares)
Number of shares as of January 1, 2025	-
Acquisition of subsidiaries in current period	2,441
Increase in current year (Note)	108
Number of shares as of December 31, 2025	2,549

Note: stock dividends received.

The Company's shares (presented as financial assets at fair value through other comprehensive income – non-current) held by subsidiaries, Lucky Unique and Tung Ming Company are for investing purpose. The Company present those as treasury shares based on the calculation by comprehensive percentage of ownership. The relevant information is as follows:

Name of subsidiary	Number of shares held (in thousand shares)	Carrying amount	Market price
December 31, 2025			
Lucky Unique	2,258	$ 24,947	$ 24,947
Tung Ming Company	291	3,216	3,216
Total	2,549	$ 28,163	$ 28,163
Attributable to the Company	1,723	$ 27,472	$ 19,034

The subsidiary, Lucky Unique received the cash dividends of $1,081 thousand distributed by the Company in 2025. The Company adjusted capital surplus – treasury shares of $735 thousand in accordance with comprehensive percentage of ownership.

The Company's shares held by subsidiaries are treated as treasury shares. Except for not able to participate in cash capital increase of the Company and without voting rights, the other rights are the same as general shareholders.

23. Revenue

	2025	2024
Sales revenue	$ 3,361,750	$ 3,903,412
Other operating revenue	15,515	50,494
	$ 3,377,265	$ 3,953,906

(1) Description of customer contract

Revenue from sales of long- and short-staple fibers

The Company recognizes revenue and accounts receivable from the sale of short- and long-haul fabrics when the terms of trade are fulfilled. The average credit period of the Company's merchandise sales is 60 days. Most of the contracts are recognized as accounts receivable when the merchandise is transferred and the Company has the unconditional right to receive the consideration. These account receivables are usually collected in short time and do not have significant financial components. However, for some of these contracts, the Company is obligated to transfer the merchandise to the customer when the consideration was received from those customers before transferring the merchandise, which shall be recognized as contract liabilities.

(2) Balance of contract

	December 31, 2025	December 31, 2024	January 1, 2024
Notes receivable (including related party) (Note 9 and 32)	$ 196,898	$ 16,628	$ 45,184
Accounts receivable (including related party) (Note 9 and 32)	$ 430,216	$ 815,423	$ 454,443

(3) Revenue breakdown from customer contracts

	2025	2024
Major products and business		
Long- and short-staple fibers	$ 2,828,817	$ 3,371,942
Others	548,448	581,964
	$ 3,377,265	$ 3,953,906

24. Net profit before tax

(1) Net other income and expenses

	2025	2024
Net losses on disposal of property, plant and equipment	($ 5,219)	($ 14,256)

(2) Interest income

	2025	2024
Bank deposits	$ 2,423	$ 19,155
Financial assets at amortized cost	8,558	1,351
Capital loans and related party interest	6,273	1,962
Deposit settlement interest	45	35
	$ 17,299	$ 22,503

(3) Other income

	2025	2024
Counseling fee income	$ 12,238	$ 11,544
Grants revenue	4,146	7,163
Income from sale of sample fabric	2,761	4,929
Rental income	3,600	4,413
Handling fee income	1,267	3,632
Income from sale of waste materials	1,443	2,529
Claims income	-	10
Others	11,336	12,732
	$ 36,791	$ 46,952

(4) Other gains and losses

	2025	2024
Net gains (losses) on foreign currency exchange	($ 24,225)	$ 34,267
Net gains (losses) on valuation of financial instruments at fair value through profit or loss	(377)	21,942
Gains on disposal of subsidiaries	418	-
Others	(15,869)	(12,293)
	($ 40,053)	$ 43,916

(5) Finance costs

	2025	2024
Interest on bank loans	$ 111,251	$ 108,060
Interest on loans from related parties	-	125
Amortization of handling fees on syndicated loans	2,420	1,100
Interest on lease liabilities	768	177
Less: Amounts included in the cost of qualifying assets (included in property, plant and equipment and prepayments for equipment)	642	365
	$ 113,797	$ 109,097

Capitalization of interest relevant information as below:

	2025	2024
Capitalization of interest amount	$ 642	$ 365
Capitalization at interest rate	3.02%～3.68%	2.64%～3.57%

(6) Depreciation

	2025	2024
Property, plant and equipment	$ 87,340	$ 89,003
Right-of-use assets	10,104	10,824
	$ 97,444	$ 99,827
Depreciation expense summarized by function		
Operating costs	$ 80,272	$ 81,274
Operating expenses	17,172	18,553
	$ 97,444	$ 99,827

(7) Employee benefit expense

	2025	2024
Short-term employee benefits		
Payroll	$ 354,352	$ 457,689
Labor and health insurance fees	42,532	43,480
Remuneration to directors	6,589	13,258
Others	16,253	17,363
	419,726	531,790
Post-employment benefits		
Defined contribution plan	$ 14,122	$ 14,241
Defined benefit plan (Note 22)	4,780	(161)
	18,902	14,080
	$ 438,628	$ 545,870

(Continued)

(continued from the previous page)

	2025	2024
Summary by function		
Operating costs	$ 259,431	$ 321,450
Operating expenses	179,197	224,420
	$ 438,628	$ 545,870

(8) Remuneration to employees and directors

In accordance with the Company's Articles of Incorporation, the Company provides for employee remuneration and director remuneration at a rate of not less than 4% and not more than 3%, respectively, of the pre-tax benefit for the year before the distribution of employee and director remuneration. In addition, in accordance with amendments to the Securities and Exchange Act in August 2024, the Company has resolved by the shareholders meeting of 2025 to approve the amendments to Articles of Incorporation, to stipulate no lower than 0.05% and no higher than 10% of net income before tax before deducting employee and director remuneration of the current year shall be used to adjust non-executive employees' salaries or distribute remuneration for them.

2025 and 2024 employees and directors' remuneration were resolved by the Board of Directors on March 5, 2026 and March 10, 2025, respectively, the resolutions were as follows:

Estimated ratio

	2025	2024
Remuneration to employees	4%	4%
Remuneration to directors	1.5%	1.5%

Amount

	2025	2024
	Cash	Cash
Remuneration to employees	$ 6,882	$ 23,223
Remuneration to directors	2,581	8,708

If there is any change in the amount after the adoption of the annual parent company only financial statements, the change in accounting estimate will be adjusted and recorded in the following year.

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

Please refer to the Market Observation Post System of the Taiwan Stock Exchange Corporation for information on the remuneration of employees and directors resolved by the Board of Directors of the Company.

(9) Foreign exchange gain (loss)

	2025	2024
Total foreign exchange income	$ 81,814	$ 67,246
Total foreign exchange loss	(106,039)	(32,979)
Net gain	($ 24,225)	$ 34,267

25. Income tax

(1) Income tax recognized in profit or loss and expenses and losses

Main components of income tax expenses (benefits) were as follows:

	2025	2024
Current income tax		
Occurred in current year	$ 16,816	$ 81,505
Prior year adjustments	6,531	19,578
Surtax on unappropriated earnings	5,078	-
Deferred tax		
Occurred in current year	(15,900)	25,546
	$ 12,525	$ 126,629

A reconciliation of accounting income to income tax expenses (benefits) was as follows:

	2025	2024
Net profit before tax	$ 162,588	$ 548,632
Income tax expense calculated at statutory tax rate on net income before tax	$ 32,518	$ 109,726
Nondeductible expenses in determining taxable income	3,060	6,905
Unrecognized deductible temporary differences	(61,711)	(92,916)
Adjustments for prior years	6,531	19,578
Effect pf deferred income tax from subsidiaries' earnings	26,862	83,366
Tax exempt income	187	(30)
Surtax on unappropriated earnings	5,078	-
	$ 12,525	$ 126,629

(2) Income tax recognized in other comprehensive income

	2025	2024
Deferred tax		
Current year occurred		
Translation of foreign operations	$ 70,320	($ 39,626)
Remeasurement of defined benefit plan	(3,070)	(3,114)
	$ 67,250	($ 42,740)

(3) Current tax assets and liabilities

	December 31, 2025	December 31, 2024
Current tax assets		
Tax refund receivable	$ 2,846	$ -
Current tax liabilities – current and non-current		
Income tax payable	$ 82,889	$ 69,244

(4) Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities as below:

2025

Deferred tax assets	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized gains on sale of property, plant and equipment	$ 57,967	($ 13,638)	$ -	$ 44,329
Allowance for loss of market price decline and obsolete and slow-moving inventories	41,343	18,090	-	59,433
Leave payable	1,619	(570)	-	1,049
Unrealized foreign exchange losses	206	3,567	-	3,773
Exchange differences on translation of foreign operations	30,918	-	70,320	101,238
Loss allowance	833	1,703	-	2,536
Unallocated fixed manufacturing costs	2,359	660	-	3,019
Others	10,876	937	-	11,813
	$ 146,121	$ 10,749	$ 70,320	$ 227,190
Deferred tax liabilities				
Temporary differences				
Property, plant and equipment	$ 16,109	($ 4,195)	$ -	$ 11,914
Net defined benefit assets	9,688	(956)	3,070	11,802
Unappropriated earnings of subsidiaries	60,000	-	-	60,000
	$ 85,797	($ 5,151)	$ 3,070	$ 83,716

2024

Deferred tax assets	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized gains on sale of property, plant and equipment	$ 32,602	$ 25,365	$ -	$ 57,967
Allowance for loss of market price decline and obsolete and slow-moving inventories	29,316	12,027	-	41,343
Leave payable	1,640	(21)	-	1,619
Unrealized foreign exchange losses	1,245	(1,039)	-	206
Exchange differences on translation of foreign operations	70,544	-	(39,626)	30,918
Loss allowance	3,353	(2,520)	-	833
Unallocated fixed manufacturing costs	3,071	(712)	-	2,359
Others	4,244	6,632	-	10,876
	146,015	39,732	(39,626)	146,121
Loss credit	9,310	(9,310)	-	-
	$ 155,325	$ 30,422	($ 39,626)	$ 146,121

Deferred tax liabilities				
Temporary differences				
Property, plant and equipment	$ 20,174	($ 4,065)	$ -	$ 16,109
Net defined benefit assets	6,541	33	3,114	9,688
Unappropriated earnings of subsidiaries	-	60,000	-	60,000
	$ 26,715	$ 55,968	$ 3,114	$ 85,797

(5) Aggregate amount of temporary differences related to investments and not recognized as deferred income tax liabilities

As of December 31, 2025 and 2024, taxable temporary differences related to investments in subsidiaries and not recognized as deferred income tax liabilities were $2,449,082 thousand and $2,197,219 thousand, respectively.

(6) Income tax assessments

The income tax returns of the Company through 2023 have been assessed by the tax authorities.

26. Earnings per share

In calculating earnings per share, the effect of stock dividends has been retrospectively adjusted. The base date of the stock dividends is August 11, 2025. For the retrospective adjustments, changes in basic and diluted earnings per share for the year ended December 31, 2024:

	Before retrospectively adjustments	After retrospectively adjustments
	2024	2024
Basic earnings per share	$ 1.04	$ 0.99
Diluted earnings per share	$ 1.03	$ 0.99

Expressed in NTD per share

Profit and weighted average number of common stock outstanding that were used in the computation the net income of earnings per share were as follows:

Profit for the year

	2025	2024
Profit attributable to the Company's owners	$ 150,063	$ 422,003

Shares

(In thousands of shares)

	2025	2024
Weighted average number of outstanding shares	425,576	425,576
Weighted average treasury shares – parent company's shares held by subsidiaries	(1,676)	-
Weighted average number of outstanding shares	423,900	425,576
Effect of dilutive potential common stock:		
Employee remuneration	847	1,488
Weighted-average number of common shares for the purpose of diluted earnings per share	424,747	427,064

If the Company has the option to pay employees in stock or cash, the calculation of diluted earnings per share assumes that employee compensation will be paid in stock and is included in the weighted-average number of common shares outstanding for the purpose of calculating diluted earnings per share when the potential common shares have a dilutive effect. The dilutive effect of these potential common shares will continue to be considered in the calculation of diluted earnings per share prior to the issuance of employee compensation shares in the following year.

27. Disposal of subsidiaries – loss of control

The Company approved by the board of directors on March 10, 2025 to sell Chadtex Company to Chia Her Company. Chadtex Company was responsible for the Group's textile manufacturing, dyeing and finishing, and trading of various textiles. The settlement of equity transfer has been completed in May 2025. Therefore, the Company lost control over Chadtex Company. Please refer to Note 31 "Disposal of subsidiaries" to the consolidated financial statements for the year ended December 31, 2025 for explanations on disposal of Chadtex Company.

28. Partial acquisition or disposal of subsidiaries – not affecting control

Well&David Corp. implemented capital increase after covering accumulated deficit by capital reduction on March 31, 2025. As the Group did not subscribe in proportion to the percentage of ownership, the percentage of ownership increased from 55.6% to 82.37%.

Lucky Unique implemented capital increase of $197,534 thousand on April 17, 2025. As the Group did not subscribe in proportion to the percentage of ownership, the percentage of ownership decreased from 70.02% to 67.96%.

Lucky Unique purchased 3.92% of the shares from non-controlling interests on August 31, 2025, resulting in the increase in percentage of ownership from 91.28% to 95.2%.

Well&David Corp. purchased 45% of the shares from non-controlling interests on July 31, 2025, resulting in the increase in percentage of ownership from 55% to 100%.

De Licacy Samoa Company purchased 50% of the shares from non-controlling interests on August 1, 2025, resulting in the increase in percentage of ownership from 50% to 100%.

As the aforementioned transactions did not change the control over those subsidiaries, the Company treated them as equity transactions. Please refer to Note 32 "Transactions with non-controlling interests" to the consolidated financial statements for the year ended December 31, 2025.

29. Non-cash transactions

The Company has the following non-cash transaction investment in 2025 and 2024:

(1) Acquisition of property, plant and equipment

	2025	2024
Investment activities affecting both cash and non-cash items		
Additions of property, plant, and equipment	$ 68,378	$ 69,666
Amounts of capitalized interests	(642)	(365)
Increase in other payables (including related parties) and notes payables	$ 20,308	($ 9,184)
Cash paid for property, plant and equipment	$ 88,044	$ 60,117

(2) Disposal of property, plant and equipment

	2025	2024
Affects cash and non-cash investments		
Proceeds from disposal of property, plant and equipment	$ 21,066	$ 35,421
Increase in other receivables (including related parties)	(13,625)	(4,076)
Cash received for property, plant and equipment	$ 7,441	$ 31,345

30. Capital risk management

Due to the need to maintain adequate capital to support the upgrading of plant and equipment, the Company will be required to maintain adequate capital. Therefore, the capital management of the Company is to ensure that the necessary financial resources and operating plans are in place to meet the future needs of working capital, capital expenditure, research and development expenses, debt repayment and dividend payment.

31. Financial instruments

(1) Fair value information – financial instruments not measured at fair value

The carrying amount of the Company's financial instruments not measured at fair value are reasonable approximations of their fair value, such as cash, financial assets at amortized costs (including current and non-current), accounts receivable (including related parties), other accounts receivable (including related parties), refundable deposits, short-term loans, short-term notes and bills payable, accounts payable (including related parties), other accounts payable (including related parties) ,long-term loans (including maturity date within one year), and guaranteed deposits received.

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

1. Fair value hierarchy

December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Fund beneficiary certificates	$ 4,606	$ -	$ -	$ 4,606

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Fund beneficiary certificates	$ 13,974	$ -	$ -	$ 13,974

There were no transfers between Level 1 and Level 2 fair value measurements in 2024.

(2) Type of financial instruments

	December 31, 2025	December 31, 2024
Financial assets		
Mandatorily measured at fair value through profit or loss	$ 4,606	$ 13,974
Financial assets at amortized cost (Note 1)	1,482,483	1,474,419
Financial liabilities		
At amortized cost (Note 2)	5,767,063	6,391,107

Note 1: Balances include cash, notes and accounts receivable (including related parties), other receivables (including related parties), financial assets carried at amortized cost (both current and non-current) and refundable deposits, and other financial assets carried at amortized cost.

Note 2: The balance includes financial liabilities measured at amortized cost such as short-term borrowings, short-term bills payable, notes and accounts payable (including related parties), other payables (including related parties), long-term bank loans (including those due within one year) and guarantee deposits.

(3) Financial risk management objectives and policies

The Company’s major financial instruments include investments in equity and debt instruments, receivables, payables, lease liabilities and borrowings. The Company’s financial management department provides services to each business unit, coordinates access to domestic and international financial markets, and monitors and manages the financial risks associated with The Company's operations through internal risk reporting that analyzes risk exposures based on the level and breadth of risk. These risks include market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk.

The Company mitigates the effects of these risks by hedging the risk through derivative financial instruments. The use of derivative financial instruments is governed by the policies adopted by The Company’s board of directors, which are the written principles for exchange rate risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments, and investment of surplus liquidity. Internal auditors review compliance with the policy and the amount of risk exposure on an ongoing basis. The Company does not trade in financial instruments (including derivative financial instruments) for speculative purposes.

1. Market risk

The main financial risks to which The Company is exposed as a result of its operating activities are foreign currency exchange rate risk (see (1) below), interest rate risk (see (2) below), and other price risk (see (3) below).

The Company engages in various derivative financial instruments to manage its exposure to foreign currency exchange rate risk, including exchange rate swap contracts to hedge the exchange rate risk arising from foreign sales of goods.

There is no change in The Company's exposure to market risk of financial instruments and its management and measurement of such exposure.

(1) Exchange rate risk

The Company engages in foreign currency-denominated sales and import transactions and foreign currency borrowings, which expose The Company to exchange rate risk. The carrying amounts of The Company's monetary assets and monetary liabilities denominated in non-functional currencies as of the balance sheet date (including monetary items denominated in non-functional currencies that have been eliminated in the Consolidated Financial Statements) are described in Note 35.

Sensitivity analysis

The Company is primarily affected by fluctuations in the U.S. dollar exchange rate.The following Schedule details the sensitivity analysis of the Company when the functional currency strengthens or weakens by 1% against the U.S. dollar. The sensitivity analysis includes only foreign currency items in circulation. A positive number in the Schedule below represents the amount by which pre-tax income would increase if the functional currency weakened by 1% relative to the U.S. dollar; a negative number in the same amount would affect pre-tax income if the functional currency strengthened by 1% relative to the U.S. dollar.

	2025	2024
Profit or (loss)	($ 942)	($ 956)

This was mainly due to the Company’s cash denominated in U.S. dollars, financial assets measured at amortized cost, receivables, other receivables, payables, other payables and borrowings that were outstanding and not cash flow hedged at the balance sheet date.

(2) Interest rate risk

Interest rate risk arises because individuals in the Company borrow funds at both fixed and floating interest rates. The Company manages interest rate risk by maintaining an appropriate mix of fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities exposed to interest rate risk as of the balance sheet date were as follows:

	December 31, 2025	December 31, 2024
Fair value interest rate risk		
Financial assets	$ 420,125	$ 325,127
Financial liabilities	802,611	968,640
Cash flow interest rate risk		
Financial assets	307,973	74,834
Financial liabilities	3,792,004	4,110,699

Sensitivity analysis

As 1% increase in interest rates would decrease the Company's income before tax by $34,840 thousand and $40,359 thousand for 2025 and 2024, respectively, with all other variables held constant.

The Company's sensitivity to interest rates decreased during the year mainly due to the decrease in variable rate loans.

(3) Other price risk

The Company's equity price risk arising from its investment in domestic listed stocks is not material.

2. Credit risk

Credit risk refers to the risk of financial loss resulting from the default of the counter-parties to the contracts. As of the balance sheet date, the Company's maximum exposure to credit risk, which may result from the counter-parties' default on their obligations and the Company's provision of financial guarantees, is mainly due to:

(1) The carrying amount of financial assets recognized in the individual balance sheets.

(2) The maximum amount that the Company may be required to pay as a result of providing financial guarantees, regardless of the likelihood of occurrence.

The Company's counter-parties are all creditworthy organizations and are not expected to have significant credit risk. The Company also evaluates the financial position of its accounts receivable customers on an ongoing basis.

Total accounts receivable with significant concentrations of credit risk are as follows:

	December 31, 2025		December 31, 2024	
	Amount	Ratio	Amount	Ratio
SINTEX INTERNATIONAL LTD.	$ 32,086	10%	$ 43,539	5%
SHANTA INDUSTRIES LTD.	114,680	36%	121,311	15%

3. Liquidity risk

The Company manages and maintains sufficient cash to support its operations and mitigate the impact of cash flow fluctuations. The Company's management monitors the use of banking facilities and ensures compliance with the terms of borrowing contracts.

The Company's working capital and banking facilities obtained are sufficient to meet future operating requirements and therefore there is no liquidity risk that the Company will not be able to raise funds to meet its contractual obligations.

Bank loans are a significant source of liquidity to the Company. Please refer to the explanations in (2) credit lines for the unused credit lines of the Company.

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

The analysis of the remaining contractual maturities of non-derivative financial liabilities is prepared based on the undiscounted cash flows (including principal and estimated interest) of the financial liabilities based on the earliest possible date on which the Company could be required to make repayment. Accordingly, the Company's bank loans that are repayable on demand are listed in the table below at the earliest possible date, regardless of the probability that the bank will immediately enforce the right; the maturity analysis of other non-derivative financial liabilities is prepared based on the contractual repayment dates.

The undiscounted interest amount of interest cash flows paid at floating interest rates is derived from the curve of the yield rate at the balance sheet date.

December 31, 2025

	Less than 6 months	6 months to 1 year	1 to 9 years
Non-derivative financial liabilities			
Non-interest-bearing liabilities	$ 1,201,718	$ -	$ 5,270
Lease liabilities	5,320	5,320	13,324
Floating rate instruments	1,284,463	541,598	2,270,875
Fixed rate instruments	780,000	-	-
Financial guarantee liabilities	387,392	89,920	198,581
	$ 3,658,893	$ 636,838	$ 2,488,050

December 31, 2024

	Less than 6 months	6 months to 1 year	1 to 9 years
Non-derivative financial liabilities			
Non-interest-bearing liabilities	$ 1,315,209	$ -	$ 5,697
Lease liabilities	3,519	1,100	4,920
Floating rate instruments	1,667,137	862,175	1,948,802
Fixed rate instruments	960,000	-	-
Financial guarantee liabilities	799,179	-	992,099
	$ 4,745,044	$ 863,275	$ 2,951,518

The floating rate instrument amount of the above non-derivative financial assets and liabilities will be different from the interest rate estimated at the balance sheet date due to the floating rate.

(2) Credit lines

	December 31, 2025	December 31, 2024
Unsecured bank credit lines（reviewed each year）		
－Used amount	$ 2,337,625	$ 2,737,109
－Unused amount	865,149	1,073,899
	$ 3,202,774	$ 3,811,008
Secured bank credit lines（reviewed each year）		
－Used amount	$ 2,233,970	$ 2,333,091
－Unused amount	1,266,030	1,592,533
	$ 3,500,000	$ 3,925,624

32. Related-party transactions

Except as disclosed in other notes, the transactions between the Company and its related parties are as follows:

(1) Names of related parties and their relationships

Name of related party	Relationship with the Company
Chadtex Company	Subsidiary
De Fa Company	Subsidiary
Hong Kong Eden Road Limited	Subsidiary
De Shen (Cayman) Company	Subsidiary
New Lake Ltd.	Subsidiary
Vietnam De Licacy Enterprise	Subsidiary
De Licacy BVI Holdings	Subsidiary
De Hong Company	Subsidiary
De Licacy Samoa Company	Subsidiary
NEW LAKE LIMITED (NEW LAKE Samoa)	Subsidiary
Total Express Ltd.	Subsidiary
Lucky Unique	Associate (Note 1)
Tung Ming Company	Subsidiary of associate, Lucky Unique (Note 1)
De Kao Trading Co., Ltd.	Subsidiary of associate, Lucky Unique (Note 1)
Well&David Corp.	Subsidiary of associate, Lucky Unique (Note 1)
Future Tycoon Holdings Co., Ltd.	Key management is chairman of the company
Future Tycoon Industrial Co., Ltd.	Key management is chairman of the company
DI JAJ SPACE DESIGN CO., LTD.	The general manager of the Company is the second degree relative of the chairman of the company.
Delight Industrial Co., Ltd.	The chairman of the Company is the second degree of relative of chairman of the company
Delight (SAMOA) Co., Ltd.	Key management is chairman of the company
Fuson International Co., Ltd.	The Chairman of the Company is a director of the company
Doyo Enterprise Co., Ltd.	The Chairman of the Company is a director of the company
Sheng-Bo Technology Corp.	The Chairman of the Company is a director of the company
DNE Energy Inc.	The Chairman is the same person
Yeh, Chia-Ming	Key management
Future Power International Co., Ltd.	The general manager of the Company is the second degree relative of the chairman of the company.

Note 1: Became the subsidiary of the Company after January 10, 2025.

(2) Operating revenue

Item	Type of related party	2025	2024
Sales revenue	Subsidiary／Vietnam De Licacy Enterprise	$ 429,423	$ 432,276
	Subsidiary	15,181	39,768
	Associate (Note 1)	346,845	351,385
	Subsidiary of associate, Lucky Unique (Note 1_	78,215	113,619
	The chairman of the Company is the second degree of relative of chairman of the company	12	339
	Key management is chairman of the company	22,438	26,849
		$ 892,114	$ 964,236

The prices of sales to related parties are comparable to those of sales to non-related parties, and the terms of collection are 60 days after the end of the month, which are not materially different from those of non-related parties.

(3) Purchase

Type/Name of related party	2025	2024
Subsidiary／Vietnam De Licacy Enterprise	$ 137,336	$ 180,255
Subsidiary	49,481	64,927
Associate (Note 1)	97,135	41,129
Subsidiary of associate, Lucky Unique (Note 1)	866	471
The general manager of the Company is the second degree of relative of chairman of the company／Future Power International Co., Ltd.	47,609	80,777
	$ 332,427	$ 367,559

The Company does not have comparable purchase prices for similar products from related parties, and the payment period is approximately one to six months for related parties and one to three months for non-related parties.

(4) Amounts due from related parties (excluding loans to related parties)

Item	Type/Name of related party	December 31, 2025	December 31, 2024
Notes receivable-related parties	Subsidiary of associate, Lucky Unique (Note 1)／Tung Ming Company	$ 8,507	$ 4,091
	Subsidiary	294	279
	Associate (Note 1)	184,952	-
		$ 193,753	$ 4,370
Accounts receivable-related parties	Associate (Note 1)／Lucky Unique	$ 18,129	$ 209,201
	Subsidiary／Vietnam De Licacy Enterprise	87,204	110,602
	Subsidiary	-	4,081
	The chairman of the Company is the second degree of relative of chairman of the company	-	46
	Key management is chairman of the company	2,687	1,901
	Subsidiary of associate, Lucky Unique (Note 1)	25,101	23,773
		$ 133,121	$ 349,604
Other receivables-related parties	Subsidiary／Vietnam De Licacy Enterprise	$ 19,755	$ 151
	Subsidiary／Chadtex Company	-	82,623
	Subsidiary	3,073	3,109
	Associate (Note 1)	2,167	1,378
	Subsidiary of associate, Lucky Unique (Note 1)	2,113	30
	Key management is chairman of the company／Future Tycoon Holdings Co., Ltd.	1,959	2,029
	The chairman of the Company is the second degree of relative of chairman of the company	-	78
	The general manager of the Company is the second degree of relative of chairman of the company.	175	1,224
		$ 29,242	$ 90,622

No guarantees have been received for amounts due from related parties in circulation, and no allowance for losses has been provided for amounts due from related parties in 2025 and 2024.

(5) Amounts due to related parties (excluding loans from related parties)

Item	Type/Name of related party	December 31, 2025	December 31, 2024
Notes payable-related parties	Associate (Note 1)／Lucky Unique	$ 23,566	$ 25,788
	Subsidiary of associate, Lucky Unique (Note 1)／Tung Ming Company	16,951	33,121
	The general manager of the Company is the second degree relative of the chairman of the company. ／Future Power International Co., Ltd.	9,220	-
		$ 49,737	$ 58,909
Accounts payable-related parties	Subsidiary of associate, Lucky Unique (Note 1)／Tung Ming Company	$ 29,199	$ 35,527
	Associate (Note 1) ／Lucky Unique	21,330	33,780
	Subsidiary	-	9,565
	Subsidiary／Vietnam De Licacy Enterprise	25,027	32,718
	The general manager of the Company is the second degree of relative of chairman of the company. ／Future Power International Co., Ltd.	29,110	38,750
		$ 104,666	$ 150,340
Other payables-related parties	Subsidiary	$ -	$ 5,418
	Subsidiary of associate, Lucky Unique (Note 1)	106	23
	The Chairman is the same person.	-	144
	The general manager of the Company is the second degree of relative of chairman of the company.	154	950
		$ 260	$ 6,535

The outstanding balance due to related parties is unsecured and will be settled in cash.

(6) Acquisition of property, plant and equipment

Type of related party	Consideration of the acquisition 2025	Consideration of the acquisition 2024
Subsidiary	$ 150	$ 1,260
The chairman of the company and the Company is the same person. ／DNE Energy Inc.	21,970	-
Subsidiary／Vietnam De Licacy Enterprise	$ 22,120	$ 1,260

(7) Disposal of property, plant and equipment

Type/Name of related party	Proceeds from disposal 2025	Proceeds from disposal 2024	Gain on disposal 2025	Gain on disposal 2024
Associate／Lucky Unique	$ -	$ 27,410	$ -	$ 23,814
The general manager of the Company is the second degree of relative of chairman of the company.	50	560	50	(3,545)
Subsidiary of associate, Lucky Unique (Note 1)	280	-	280	-
Subsidiary／Vietnam De Licacy Enterprise	17,701	-	(3,557)	-
	$ 18,031	$ 27,970	($ 3,227)	$ 20,269

(8) Lease agreement

Account	Type of related party	December 31, 2025	December 31, 2024
Lease liabilities	The chairman of the Company is the second degree of relative of chairman of the company	$ -	$ 358

Type of related party	2025	2024
Interest expenses		
The chairman of the Company is the second degree of relative of chairman of the company	$ -	$ 21

The determination of rent and collection in the lease contracts between the Company and related parties are the same as general lease transactions.

(9) Operating lease – for rent

Type/Name of related party	Rent objective	Leasing period
Associate／Lucky Unique	Plant	January 2021 to December 2024
Subsidiary／De Fa Company	Office	April 2019 to March 2025
Subsidiary／De Fa Company	Office	April 2025 to March 2028
The Chairman is the same person	Plant roof (Note)	October 2017 to October 2037
The Chairman of the Company is chairman of the company	Plant roof (Note)	October 2017 to October 2037

Note: The Company leased the roof of the plant to related party for solar power generation at a rent of 7% of the sales revenue of the solar power system.

The total lease payments to be received in the future are summarized as follows:

Type/Name of related party	December 31, 2025	December 31, 2024
Subsidiary／De Fa Company	$ 7,301	$ 767

Summary of leasing revenue as below:

Type/Name of related party	2025	2024
Subsidiary／De Fa Company	$ 3,201	$ 3,069
Associate (Note 1)／Lucky Unique	-	900
The Chairman is the same person	64	106
The Chairman of the Company is a director of the company	335	338
	$ 3,600	$ 4,413

The guaranteed deposits received for leasing offices to the subsidiary, De Fa Company, amounted to both $658 thousand, as of December 31, 2025 and 2024.

(10) Loans to related parties

Type/Name of related party	December 31, 2025	December 31, 2024
Associate (Note 1)／Lucky Unique	$ 210,000	$ 100,000

Interest income

Type of related party	2025	2024
Associate (Note 1) (1)	$ 6,273	$ 1,962
Interest rate (2)	3%	3%

(11) Borrowings from related parties

Type/Name of related party	December 31, 2025	December 31, 2024
Subsidiary		
De Licacy BVI Holdings	$ 72,289	$ 75,406
De Licacy Samoa Company	210,581	190,153
De Shen (Cayman) Company	-	65,570
De Fa Company	25,000	10,000
NEW LAKE Samoa	424,305	295,065
Total Express Ltd.	31,430	-
	$ 763,605	$ 636,194

Interest expenses

Type/Name of related party	2025	2024
Subsidiary／De Fa Company	$ -	$ 125

The Company's borrowings from related parties bear interest rates for the years ended December 31, 2025 and 2024 are 0% and of 2%, respectively.

(12) Endorsements/guarantees

Endorsement and guarantee for others

Type of related party	December 31, 2025	December 31, 2024
Subsidiary		
Guaranteed amount	$ 3,508,181	$ 5,533,117
Actual usage amount	(675,893)	(1,791,278)
	$ 2,832,288	$ 3,741,839

Endorsement and guarantee by others

Part of the long-term and short-term loans of the Company as of December 31, 2025 and 2024 were endorsements/guarantees provided by key management of the Company, the Chairman, Yeh, Chia-Ming.

(13) Other related-party transactions

1. Processing fees

The Company pays the related party's entrusted processing fee, which is recorded as operation cost according to its nature, none of similar products processing price can be compared, and the payment terms are monthly for 1 to 3 months.

Type of related party	2025	2024
Subsidiary of associate, Lucky Unique (Note 1)	$ 270,746	$ 349,460
Subsidiary	2,106	10,901
Associate (Note 1)	184,087	192,712
The general manager of the Company is the second degree of relative of chairman of the company.	259,280	278,266
	$ 716,219	$ 831,339

2. Manufacturing and operating expense

The Company's expenses for purchasing samples from related parties, renting sample display rooms, dyeing and finishing factory lines and plants, paying commissions, and purchasing gifts were as follows:

Type/Name of related party	2025	2024
Subsidiary／Chadtex Company	$ 13,638	$ 57,581
Associate	151	200
Subsidiary of associate, Lucky Unique	848	709
The general manager of the Company is the second degree of relative of chairman of the company.	520	1,605
The chairman of the Company is the second degree of relative of chairman of the company.	-	608
Key management is chairman of the company	631	-
	$ 15,788	$ 60,703

3. Other income

The income from counseling services and handling fee for providing endorsements/guarantees to the related parties were as follows:

Type/Name of related party	2025	2024
Subsidiary	$ 5,106	$ 5,059
Associate	1,309	1,757
Subsidiary of associate, Lucky Unique (Note 1)	2,251	32
Key management is chairman of the company	5,615	5,200
The general manager of the Company is the second degree of relative of chairman of the company.	3,032	3,753
The chairman of the Company is the second degree of relative of chairman of the company.	4	-
	$ 17,317	$ 15,801

(14) Remuneration to key management personnel

	2025	2024
Short-term employee benefits	$ 10,481	$ 17,494

The remuneration of directors and other key management personnel is determined by the Remuneration Committee based on the current year's operating results and the base of year-end bonuses paid in previous years.

33. Pledged assets

The following assets of the Company have been provided as collateral for bank loans or performance guarantee for subsidized projects:

	December 31, 2025	December 31, 2024
Land	$ 266,446	$ 266,446
Buildings	84,677	95,332
Pledged bank deposits (classified as financial assets at amortized cost-current and non-current)	62,637	52,319
Subordinate bonds of Fubon Life Insurance (classified as financial assets at amortized cost-current and non-current)	202,695	202,952
	$ 616,455	$ 617,049

34. Significant contingent liabilities and unrecognized contractual commitments

Except as mentioned in other notes, the Company's significant commitments and contingencies as of the balance sheet date are as follows:

(1) As of December 31, 2025 and 2024, the Company had issued for the purchase of raw material and unused letter of credit balance of $13,440 thousand and $10,500 thousand, respectively.

(2) The Company's unrecognized contractual commitments are as follows:

	December 31, 2025	December 31, 2024
Purchase of property, plant and equipment	$ 1,200	$ 44,981

(3) As of December 31, 2025 and 2024, the Company provided guarantee notes of both $664,000 thousand for the purchase of raw materials and the provision of guarantees for borrowing lines from financial institutions, respectively .

35. Information on foreign currency assets and liabilities with significant impacts

The following information is presented in the aggregate in foreign currencies other than the functional currency of each of the consolidated companies. Assets and liabilities denominated in foreign currencies that have a significant effect are as follows:

(In thousands of foreign currencies and NTD)

December 31, 2025

Foreign currency assets	Foreign currency	Foreign exchange rate	Carrying amount
Monetary item			
USD	$ 21,695	31.43 (USD:NTD)	$ 681,879
Foreign currency liabilities			
Monetary item			
USD	24,692	31.43 (USD:NTD)	776,064

December 31, 2024

Foreign currency assets	Foreign currency	Foreign exchange rate	Carrying amount
Monetary item			
USD	$ 18,101	32.785 (USD:NTD)	$ 593,448
Foreign currency liabilities			
Monetary item			
USD	21,018	32.785 (USD:NTD)	689,089

Foreign currency exchange gains and losses (realized and unrealized) with significant effect are as follows:

	2025		2024	
Currency	Foreign exchange rate	Net foreign exchange gains	Foreign exchange rate	Net foreign exchange loss
USD	31.18(USD:NTD)	$ 24,225	32.112(USD:NTD)	$ 34,267

36. Matters disclosed in the notes

(1) Information on significant transactions

1. Loans of funds to others: Schedule 1.
2. Endorsement and guarantee for others: Schedule 2.
3. Significant marketable securities held at the end of the period (excluding investments in subsidiaries and associates): Schedule 3.
4. Purchase from or sale to related parties amounting to at least $100 million or 20% of the paid-in capital: Schedule 4.
5. Receivables from related parties amounting to at least $100 million or 20% of the paid-in capital: Schedule 5.
6. Derivative transactions: None.

(2) Information about reinvestment business: Schedule 6.

(3) Information on investees in Mainland China:

1. Name of the investee company in, main business items, paid-in capital, investment method, capital remittance, shareholding, investment gain or loss, closing balance of investment, repatriated investment gain or loss, and investment limit in China: Schedule 7.
2. Significant transactions with the investee company in China, directly or indirectly through a third country, and the prices, terms of payment, and unrealized gains or losses:
   (1) The balance and percentages of import amounts and related payables at the end of the period: Schedule 8.
   (2) Amounts and percentages of sales and related receivables: Schedule 8.
   (3) Amount of property transactions and the amount of resulting gain or

loss: None.

(4) End-of-period balance and purpose of guarantees or collaterals provided: Schedule 2.

(5) Maximum balance, ending balance, interest rate range, and total current interest on financial instruments: Schedule 1.

(6) Other transactions that have a significant effect on current income or financial position, such as the provision or receipt of labor services: None.

De Licacy Industrial Co., Ltd. and Subsidiaries
Loans to Others
For the Year Ended December 31, 2025

Schedule 1

No.	Loan funded by	Loan recipients	Current accounts	Is a related party	Highest balance for the period	Closing balance	Actual expenditures	Interest rate range (%)	Nature of funds lending	Business transactions (Note 3)	Reasons of short-term financing funds	Allowance for bad debts	Collateral		Amount limit for individual funds lending (Notes 1 & 6)	Total limit of capital loan (Notes 2 & 6)
													Name	Value		
0	The Company	Lucky Unique	Other receivables	Y	$ 400,000	$ 300,000	$ 210,000	3	Short-term financing	$ -	Operating revolving fund	$ -	None	$ -	$ 1,559,188	$ 2,078,917
1	De Licacy Samoa Company	The Company	Other receivables	Y	232,435	210,581	210,581	-	Short-term financing	-	Operating revolving fund	-	None	-	943,112	1,257,482
	De Licacy Samoa Company	De Hong Company	Other receivables	Y	359	-	-	6	Short-term financing	-	Operating revolving fund	-	None	-	943,112	1,257,482
2	De Shen (Cayman) Company	The Company	Other receivables	Y	65,570	-	-	-	Short-term financing	-	Operating revolving fund	-	None	-	1,124,475	1,499,300
	De Shen (Cayman) Company	Best Alliance Limited	Other receivables	Y	97,469	-	-	-	Short-term financing	-	Operating revolving fund	-	None	-	1,124,475	1,499,300
3	De Hong Company	De Hong (Vietnam) Company	Other receivables	Y	6,309	4,715	4,715	2.5	Short-term financing	-	Operating revolving fund	-	None	-	17,933	23,911
4	Hangzhou De Licacy Limited	Nantong De Licacy Limited	Temporary payments	Y	67,074 (Note 4)	- (Note 4)	- (Note 4)	3.3	Short-term financing	-	Operating revolving fund	-	None	-	-	-
	Hangzhou De Licacy Limited	Nantong De Licacy Limited	Temporary payments	Y	67,074 (Note 4)	- (Note 4)	- (Note 4)	2.8	Short-term financing	-	Operating revolving fund	-	None	-	-	-
	Hangzhou De Licacy Limited	Nantong De Licacy Limited	Temporary payments	Y	67,074 (Note 4)	- (Note 4)	- (Note 4)	2.5	Short-term financing	-	Operating revolving fund	-	None	-	-	-
5	De Licacy BVI Holdings	The Company	Other receivables	Y	76,372	72,289	72,289	-	Short-term financing	-	Operating revolving fund	-	None	-	1,143,896	1,525,194
6	De Fa Company	Best Alliance Limited	Other receivables	Y	14,942	-	-	5	Short-term financing	-	Operating revolving fund	-	None	-	35,674	47,565
	De Fa Company	The Company	Other receivables	Y	25,000	25,000	25,000	-	Short-term financing	-	Operating revolving fund	-	None	-	35,674	47,565
7	Hong Kong Eden Road Limited	Best Alliance Limited	Other receivables	Y	49,808	-	-	-	Short-term financing	-	Operating revolving fund	-	None	-	5,535	5,535
	Hong Kong Eden Road Limited	De Fa Company	Other receivables	Y	16,602	-	-	-	Short-term financing	-	Operating revolving fund	-	None	-	5,535	5,535
8	NEW LAKE Samoa	Vietnam De Licacy Enterprise	Other receivables	Y	999,943	471,450	471,450	5	Short-term financing	-	Operating revolving fund	-	None	-	1,139,713	1,139,713
	NEW LAKE Samoa	De Shen (Cayman)	Other receivables	Y	132,820	94,290	94,290	-	Short-term financing	-	Operating revolving fund	-	None	-	1,139,713	1,139,713
	NEW LAKE Samoa	The Company	Other receivables	Y	424,305	424,305	424,305	-	Short-term financing	-	Operating revolving fund	-	None	-	455,885	455,885
9	Lucky Unique	De Kao Company	Other receivables	Y	45,899	-	-	2.75	Short-term financing	-	Operating revolving fund	-	None	-	233,937	311,917
	Lucky Unique	De Kao Company	Other receivables	Y	70,000	70,000	70,000	3.2	Short-term financing	-	Operating revolving fund	-	None	-	233,937	311,917
	Lucky Unique	De Kao Company	Other receivables	Y	94,000	20,000	20,000	3.1	Short-term financing	-	Operating revolving fund	-	None	-	233,937	311,917
	Lucky Unique	Dexin Company	Other receivables	Y	124,687	31,430	-	2	Short-term financing	-	Operating revolving fund	-	None	-	233,937	311,917
	Lucky Unique	CIBIZO INTERNATIONAL LIMITED	Other receivables	Y	2,000	-	-	3.1	Short-term financing	-	Operating revolving fund	-	None	-	233,937	311,917
	Lucky Unique	Well&David Corp.	Other receivables	Y	170,000	170,000	100,000	3.2	—	174,461	Business transaction	-	None	-	174,461	174,461
	Lucky Unique	Vietnam Lucky Unique	Other receivables	Y	48,000	48,000	46,831	2.5	—	49,631	Business transaction	-	None	-	49,631	49,631
10	Tung Ming Company	De Kao Company	Other receivables	Y	20,000	-	-	2.2	Short-term financing	-	Operating revolving fund	-	None	-	66,222	176,592
	Tung Ming Company	De Kao Company	Other receivables	Y	20,000	-	-	3.5	Short-term financing	-	Operating revolving fund	-	None	-	66,222	176,592
	Tung Ming Company	Lucky Unique	Other receivables	Y	40,000	-	-	2.2	Short-term financing	-	Operating revolving fund	-	None	-	66,222	176,592
	Tung Ming Company	Lucky Unique	Other receivables	Y	40,000	15,000	15,000	3	—	101,334	Business transaction	-	None	-	88,296	176,592
	Tung Ming Company	Lucky Unique	Other receivables	Y	40,000	40,000	40,000	3.5	—	101,334	Business transaction	-	None	-	88,296	176,592
	Tung Ming Company	Lucky Unique	Other receivables	Y	35,000	35,000	35,000	3	Short-term financing	-	Operating revolving fund	-	None	-	66,222	176,592
	Tung Ming Company	Vietnam Lucky Unique	Other receivables	Y	40,000	40,000	37,716	4	Short-term financing	-	Operating revolving fund	-	None	-	66,222	176,592
11	Dexin Company	Vietnam Lucky Unique	Receivables from related parties	Y	191,728	56,574	56,574	2.5	Short-term financing	-	Operating revolving fund	-	None	-	193,341	193,341
12	De Kao Company	De Kao East Plant Company	Other receivables	Y	41,768	25,144	25,144	-	—	125,271	Business transaction	-	None	-	125,271	125,271
13	Well&David Corp.	The Kingtex Corp.	Temporary payments	Y	49,178	-	-	7.5	Short-term financing	-	Operating revolving fund	-	None	-	151,563	202,085
	Well&David Corp.	The Kingtex Corp.	Temporary payments	Y	59,769	56,574	56,574	6.85	Short-term financing	-	Operating revolving fund	-	None	-	151,563	202,085
14	Bestex Corp.	Li Qiang Corp.	Temporary payments	Y	119,538	51,860	51,860	2.75	Short-term financing	-	Operating revolving fund	-	None	-	126,532	126,532
15	Li Qiang Corp.	W & D (Cambodia) Co., Ltd.	Temporary payments	Y	73,051	-	-	7.6	—	133,715	Business transaction	-	None	-	133,715	133,715
	Li Qiang Corp.	W & D (Cambodia) Co., Ltd.	Temporary payments	Y	49,143	46,516	40,859	6.75	—	133,715	Business transaction	-	None	-	133,715	133,715
16	Total Express Ltd.	The Company	Other receivables	Y	121,780	31,430	31,430	-	Short-term financing	-	Operating revolving fund	-	None	-	48,936	65,248

Note 1: Based on 30% of the net equity of each lending company and the amount of business transactions in the previous year.
Note 2: Based on 40% of the net equity of each lending company and the amount of business transactions in the previous year.
Note 3: Based on the amount of business transactions in the previous year.
Note 4: The difference from the announcement is the adjustment of foreign currency exchange gain or loss at the end of the period.
Note 5: The total amount of loans to other parties provided by NEW LAKE Samoa , Hong Kong Eden Road Limited, Lucky Unique, Tung Ming Company, De Kao Company, Well&David Corp., Bestex Corp, and Li Qiang Corpshall not exceed 40% of net worth of the Company. The loan limits to individual company are as follows:

(1) The total amount to one entity which has business transactions with the Company shall not exceed the total amount of the business transactions.
(2) For short-term financing needs, the amount available for financing of each entity shall not exceed 30% of the Company net worth.
(3) For those foreign subsidiaries in which the Company and their parent companies or the Company, directly or indirectly, owned 100% of their shares, the amount available for short-term financing needs is not limited to 40% of the Company net worth, but shall not exceed the total amount of the Company’s net worth.

De Licacy Industrial Co., Ltd. and Subsidiaries
Endorsement and Guarantee for Others
For the Year Ended December 31, 2025

Schedule 2

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor and endorsements	Counter party of endorsements/guarantees		Limitation on amount of endorsements/guarantees for a specific enterprise (Note 1)	Highest balance for endorsements /guarantees during the period	Balance of endorsements /guarantees as of reporting date	Actual usage amount during the period	Property pledged for endorsements /guarantees	Ratio of accumulated amounts of endorsements/guarantees to net worth of the latest financial statements (%)	Maximum amount for endorsements /guarantees (Note 2)	Parent company endorsements/guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/guarantees to third parties on behalf of the parent company	Endorsements /guarantees to third parties on behalf of companies in Mainland China
		Company name	Relationship with the Company										
0	The Company	De Fa Company	Subsidiary (Direct shareholding 100%)	$ 2,598,647	$ 110,000	$ 110,000	$ -	$ -	2	$ 7,795,941	Y	N	N
	The Company	Chadtex Company	Subsidiary (Direct shareholding 55.06%)	2,598,647	85,000	-	-	-	-	7,795,941	Y	N	N
	The Company	Vietnam De Licacy Enterprise	Subsidiary (Indirect shareholding 100%)	2,598,647	2,053,749	1,849,941	212,392	-	36	7,795,941	Y	N	N
	The Company	De Shen (Cayman) Company	Subsidiary (Indirect shareholding 100%)	2,598,647	1,114,690	188,580	-	-	4	7,795,941	Y	N	N
	The Company	Hong Kong Eden Road Limited	Subsidiary (Indirect shareholding 100%)	2,598,647	114,747	62,860	-	-	1	7,795,941	Y	N	N
	The Company	Nantong De Licacy Limited	Subsidiary (Indirect shareholding 100%)	2,598,647	2,042,490	791,800	94,920	-	15	7,795,941	Y	N	Y
	The Company	Best Alliance Limited	Subsidiary (Indirect shareholding 100%)	2,598,647	166,025	-	-	-	-	7,795,941	Y	N	N
	The Company	Lucky Unique	Subsidiary (Indirect shareholding 67.96%)	2,598,647	255,000	255,000	130,000	-	5	7,795,941	Y	N	N
	The Company	Well&David Corp.	Subsidiary (Indirect shareholding 55.98%)	2,598,647	250,000	250,000	238,581	-	5	7,795,941	Y	N	N
1	Lucky Unique	De Kao Company	Subsidiary (Indirect shareholding 40.78%)	389,896	80,000	80,000	78,164	-	10	779,793	Y	N	N
	Lucky Unique	Well&David Corp.	Subsidiary (Indirect shareholding 55.98%)	389,896	285,000	285,000	248,799	-	37	779,793	Y	N	N
	Lucky Unique	Li Qiang Corp.	Subsidiary (Indirect shareholding 45.98%)	389,896	49,808	31,430	-	-	4	779,793	Y	N	N
	Lucky Unique	Vietnam Lucky Unique	Subsidiary (Indirect shareholding 67.96%)	389,896	262,780	125,720	58,147	-	16	779,793	Y	N	N
2	Tung Ming Company	Lucky Unique	Subsidiary (Indirect shareholding 64.7%)	110,370	50,000	50,000	-	-	23	220,740	N	Y	N
3	Well&David Corp.	Li Qiang Corp.	Subsidiary (Indirect shareholding 55.96%)	1,010,425	350,280	331,587	300,157	-	66	1,010,425	Y	N	N

Note 1: Based on 50% of the total equity of the owners of each endorsing company.
Note 2: Based on 150% of the total equity of the owners of each endorsing company.
Note 3: The limitation on endorsement guaranteed provided to a single entity and total amount of endorsement guarantee of Well&David Corp. is 200% of shareholders’ equity.
Note 4: The limitation on total amount of endorsement guarantee of Lucky Unique and Tung Ming Company is 100% of shareholders’ equity.

De Licacy Industrial Co., Ltd. and Subsidiaries
Year-end marketable securities breakdown statement
December 31, 2025

Schedule 3

(In Thousands of New Taiwan Dollars)

Name of holder	Type and name of marketable securities	Relationship with the Company	Account title	December 31, 2025				Note
				Unit/Share	Carrying amount	Percentage (%)	Fair value	
	Stocks							
Lucky Unique	Far Eastern International Bank	None	Financial assets at fair value through other comprehensive income-current	2,960,492	$ 38,402	0.061	$ 38,402	
	CTBC Financial Holding Co., Ltd.	None	Financial assets at fair value through other comprehensive income-current	220,000	11,044	0.001	11,044	
	Stocks							
Lucky Unique	De Licacy Industrial Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-non-current	2,257,607	24,947	0.53	24,947	
	Bonds							
Well&David Corp.	Berkshire Hathaway Finance Corporation US Dollar Bonds	None	Financial assets at fair value through profit or loss-current	13,000	31,756	-	31,756	

Note 1: The marketable securities mentioned in this Schedule refer to stocks, bonds, beneficiary certificates and marketable securities derived from the above items within the scope of IFRS 9 “Financial Instruments”.
Note 2: For information on investments in Subsidiaries, please refer to Schedule 6 and Schedule 7.
Note 3: Marketable securities presented in the table are determined based on the materiality amount of $10,000 thousand.

De Licacy Industrial Co., Ltd. and Subsidiaries
Purchase from or sale to related parties amounting to at least $100 million or 20% of the paid-in capital
For the Year Ended December 31, 2025

Schedule 4

(In Thousands of New Taiwan Dollars)

Buying (selling) company	Trading partners	Relationship	Transactions				Circumstances and reasons of transaction conditions are different from general transactions		Notes and accounts receivable (payable)		Note
			Purchase (Sales)	Amount	Percentage of total purchase (sales) (%)	Credit period	Unit price (Note)	Credit period	Balance	Percentage of total receivables (payables) (%)	
The Company	Tung Ming Company	Subsidiary	Purchase	$ 271,611	21	Open account 90 days	Note	General open account 90 days	($ 46,150)	20	
The Company	Lucky Unique	Subsidiary	Purchase	278,521	21	Open account 90 days	Note	General open account 90 days	(44,896)	20	
The Company	Lucky Unique	Subsidiary	(Sales)	(346,845)	10	Open account 90 days	Note	General open account 90 days	203,081	32	
The Company	Vietnam De Licacy Enterprise	Subsidiary	Purchase	137,336	10	Open account 90 days	Note	General open account 90 days	25,027	11	
The Company	Vietnam De Licacy Enterprise	Subsidiary	(Sales)	(429,423)	13	Open account 90 days	Note	General open account 90 days	87,204	14	
De Fa Company	Nantong De Licacy Limited	The same ultimate parent company	Purchase	806,012	99	Open account 90 days	Note	General open account 90 days	-	-	
De Fa Company	Total Samoa	The same ultimate parent company	(Sales)	(854,408)	95	Open account 90 days	Note	General open account 90 days	53,048	100	
Nantong De Licacy Limited	Total Express Ltd.	The same ultimate parent company	(Sales)	(677,140)	22	Open account 90 days	Note	General open account 90 days	4	-	
Nantong De Licacy Limited	Anqing Defa Textile Co., Ltd.	The vice chairman of the Company is the major shareholder of the company	Purchase	648,364	38	Open account 90 days	Note	General open account 90 days	(10,564)	4	
Luckyk Unique	Well&David Corp.	Subsidiary	Purchase	192,721	27	Open account 90 days	Note	General open account 90 days	(48,878)	18	
Well&David Corp.	Li Quiang Corp.	Subsidiary	Purchase	391,939	45	Open account 90 days	Note	General open account 90 days	-	-	
De Kao East Plant Company	De Kao Company	Parent company	(Sales)	(124,519)	95	Open account 90 days	Note	General open account 90 days	5,593	69	
East First Plant Company	Regiant Industrial	The same ultimate parent company	(Sales)	(130,887)	100	Open account 90 days	Note	General open account 90 days	-	-	

Note : The purchase price is not comparable to the general purchase price of similar products; the sales price is comparable to the general customers.

De Licacy Industrial Co., Ltd. and Subsidiaries
Receivables from Related Parties Amounting to At Least $100 Million or 20% of the Paid-in Capital
December 31, 2025

Schedule 5

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate (%)	Overdue		Amounts due from related parties recovered in subsequent period	Allowance for bad debts
					Amount	Handling		
Hangzhou De Licacy Limited	Lucky Apex Limited	The same ultimate parent company	$ 151,782	(Note 1)	-	—	-	-
(Note 2)NEW LAKE Samoa	Vietnam De Licacy Enterprise	The same ultimate parent company	500,246	1.99 (Note 2)	-	—	-	-
NEW LAKE Samoa	The Company	Parent company	424,305	(Note 3)	-	—	-	-
The Company	Lucky Unique	Subsidiary	415,248	1.68 (Note 4)	-	—	36,462	-
The Company	Vietnam De Licacy Enterprise	Subsidiary	106,959	4.34 (Note 5)	-	—	33,584	-
Lucky Unique	Well&David Corp.	Subsidiary	175,042	15.96 (Note 6)	-	—	-	-
De Licacy Samoa Company	The Company	Parent company	210,581	(Note 3)	-	—	-	-

Note 1: All of them are receivables arising from sales of investment properties, which are not included in the calculation of the turnover rate.
Note 2: $493,336 thousand are receivables arising from capital loans and interests, which are not included in the calculation of the turnover rate.
Note 3: All of them are receivables arising from capital loans, which are not included in the calculation of the turnover rate.
Note 4: $211,913 thousand are receivables arising from capital loans and interest, and $254 are receivables arising from other income, which are not included in the calculation of the turnover rate.
Note 5: $1,721 thousand are receivables arising from other income, and $18,034 are advances received arising from sales of property, plant and equipment, which are not included in the calculation of the turnover rate.
Note 6: $102,024 thousand are receivables arising from capital loans and interest, $1,524 are payment on behalf of others, and $71,494 thousand are receivables arising from customers’ claims, which are not included in the calculation of the turnover rate.

De Licacy Industrial Co., Ltd. and Subsidiaries
Information of the Invested Company, Location ... and Other Related Information
For the Year Ended December 31, 2025

Schedule 6

(In Thousands of New Taiwan Dollars)
(Except US Dollars)

Name of investment company	Investee company name	Location	Major business scope	Original investment: End of the current period	Original investment: End of the last period	Held at period-end: Shares	Held at period-end: Percentage (%)	Held at period-end: Carrying amount	Investee income (loss) for the period	Recognized investment income (loss) (Note 1)	Note
The Company	De Licacy Samoa Company	Samoa	General investment	$ 868,961	$ 1,829,899	29,819,125	100	$ 3,057,547	($ 26,328)	($ 21,862)	The difference is recognition of realized gains on disposal of investment property and realized gain on disposal of property, plant and equipment.
The Company	Lucky Unique	Taiwan	Manufacture and processing of various fiber textile products	730,344	174,329	45,531,536	67.96	647,304	(100,987)	(69,899)	The difference is recognition of changes in treasury shares.
The Company	De Fa Company	Taiwan	General import and export trade	59,878	59,878	5,500,000	100	89,812	50,774	54,352	The difference is recognition of effects among inter-group lease gains or losses and realized gains on disposal of fixed assets.
The Company	Chadtex Company	Taiwan	Textile manufacturing, dyeing and finishing, and trading of various textile products	-	12,155	-	-	-	379	244	The difference is recognition of (un)realized sales profit and loss and gain on disposal of property, plant and equipment.
The Company	De Licacy BVI Holdings	British Virgin Islands	General investment	USD 108,040,000	USD 108,040,000	27,010	100	3,818,206	393,922	396,607	The difference is recognition of realized gain on disposal of property, plant and equipment.
The Company	View Best Global Limited	Samoa	General investment	USD 1,935,000	USD 1,935,000	1,935,000	100	39,632	11,429	11,429	
The Company	Indonesia De Licacy Company	Indonesia	Manufacturing of textiles and trading of various textiles	USD 1,089,000	-	44,550	99	33,127	-	-	
De Licacy Samoa Company	Best Alliance Limited	British Virgin Islands	General investment	USD 20,264,743	USD 47,900,000	20,264,743	100	1,419,430	47,056		
De Licacy Samoa Company	Vantage Gain Limited	Samoa	General investment	USD -	USD 43,906	-	73.33	-	(2,000)		
De Licacy Samoa Company	De Hong Company	Samoa	General investment	USD 3,371,744	USD 1,800,000	4,000,000	100	59,778	(13,182)		
De Licacy Samoa Company	Beauty Plus Limited	British Virgin Islands	General investment	USD 13,025,645	USD 12,829,807	13,025,645	85	317,786	(10,265)		
De Licacy Samoa Company	NEW LAKE Samoa	Samoa	General import and export trade	USD 39,300,000	USD 42,500,000	39,300,000	100	1,139,713	(99,203)		
De Licacy Samoa Company	De Licacy Anguilla Company	Anguilla	General investment	-	-	-	100	-	-		
De Licacy Samoa Company	New Lake Ltd.	Anguilla	General import and export trade	-	-	-	100	-	-		
De Licacy Samoa Company	Indonesia De Licacy Company	Indonesia	Manufacturing of textiles and trading of various textiles	USD 11,000	-	450	1	337	-		
De Hong Company	De Hong (Vietnam) Company	Vietnam	Printing and finishing of various types of garments and cloths	USD 2,500,000	USD 2,500,000	-	100	47,002	(8,515)		
Best Alliance Limited	Bright Wisdom Ltd.	Samoa	General investment	USD 4,936,410	USD 8,021,667	4,936,410	61.71	216,092	(105,868)		
Best Alliance Limited	Hong Kong Eden Road Limited	Hong Kong	General import and export trade	USD 150,000	USD 1,050,000	150,000	100	5,535	(7,125)		
Best Alliance Limited	Total Samoa	Samoa	International trade business	USD 1,000,000	-	1,000,000	100	187,602	246,867		
Bright Wisdom Ltd.	Total Express Ltd.	Seychelles	International trade business	USD 1	USD 1	1	100	163,119	(94,015)		
Bright Wisdom Ltd.	Futures Co., Ltd.	Taiwan	General import and export trade	-	10,000	-	100	-	28		
De Licacy BVI Holdings	De Shen (Cayman) Company	Cayman Islands	General investment	USD 108,032,701	USD 108,032,701	108,032,700,860	100	3,748,252	397,209		
De Shen (Cayman) Company	Vietnam De Lica cy Enterprise	Vietnam	Printing, dyeing, finishing, garment manufacturing and trading of various textile and yarn materials	USD 114,660,489.5	USD 114,660,489.5	-	100	3,840,758	384,322		
View Best Global Limited	Vietnam ATAGO Company	Vietnam	Garment manufacturing and trading	USD 1,915,070	USD 1,915,070	-	30	39,269	38,337		
Beauty Plus Limited	Sung Yu Company	British Virgin Islands	General investment	USD 15,199,267	USD 14,968,869	38	38	371,568	(26,654)		
Lucky Unique	Tung Ming Company	Taiwan	Manufacturing, processing and trading of chemical fibers	160,673	-	15,936,000	95.2	210,138	18,521		
Lucky Unique	Dexin Company	Samoa	Gneral investment	USD 12,448,448	-	12,448,448	100	200,785	(79,002)		
Lucky Unique	De Kao Company	Taiwan	Trading of apparel	7,200	-	720,000	60	935	6,433		
Lucky Unique	Well&David Corp.	Taiwan	Manufacturing and trading of apparel	345,968	-	34,596,898	82.37	567,029	(48,902)		
Lucky Unique	CIBIZO INTERNATIONAL LIMITED	Taiwan	Trading of apparel	9,170	-	625,000	25	5,276	(7,649)		
Dexin Company	Vietnam Lucky Unique	Vietnam	Manufacturing of apparel	USD 10,000,000	-	-	100	28,321	(71,076)		
Dexin Company	(Fortune Star Hong Kong	Hong Kong	General import and export	USD 50,000	-	50,000	100	938	(793)		

De Kao Company	De Kao East Plant Company	Cambodia	Manufacturing of apparel	USD 850,000	-	850	100	(40,421)	(2,767)		
Well&David Corp.	East First Plant Company	Samoa	General investment	USD 3,600,000	-	3,600,000	100	415,646	(20,385)		
Well&David Corp.	Kuan Ding Company	Samoa	General investment	USD 17,000,000	-	17,000,000	100	338,325	(16,080)		
Well&David Corp.	GOOD & WELL COMPANY LIMITED	Taiwan	International trading	30,030	-	500,000	100	10,015	(3,106)		
Kuan Ding Company	Bestex Corp.	Samoa	General investment	USD 10,000,000	-	10,000,000	100	126,532	(11,541)		
Kuan Ding Company	Gold Well	Samoa	General investment	USD 7,000,000	-	5,833,000	100	211,695	(6,160)		
Bestex Corp.	Li Qiang Corp.	Cambodia	Manufacturing and trading of apparel	USD 3,000,000	-	3,000,000	100	(125,851)	(13,416)		
Gold Well	East Fifth Plant Company	Cambodia	Manufacturing and trading of apparel	USD 6,980,000	-	6,980,000	100	211,462	(4,442)		

Note 1: Only the amount of profit or loss recognized for each subsidiary directly invested by the Company and each investee company using the equity method shall be shown.
Note 2: Please refer to Schedule 7 for the information about investees in Mainland China.

De Licacy Industrial Co., Ltd. and Subsidiaries
Information on investees in Mainland China
For the Year Ended December 31, 2025

Schedule 7

(In Thousands of New Taiwan Dollars)
(Except US Dollars)

Name of investee	Main business and products	Total amount of paid-in capital (Note 3)	Method of investment (Note 6)	Accumulated outflow of investment from Taiwan as of January 1, 2025 (Note 3)	Investment flows during the period		Investment Information in Mainland China (Note 3)	Net income (loss) of the investee	Ownership of direct or indirect investment (%)	Investment gain (loss) (Note 1)	Carrying amount as of December 31, 2025 (Note 1)	Accumulated repatriation of investment income as of December 31, 2025
					Outflow	Inflow						
Hangzhou De Licacy Limited	Production and sales of long and short fiber fabric processing and finishing	$ 15,715 (USD 500,000)	3.Best Alliance Limited	$ 930,097 (Note 4) (USD 29,592,636)	$ -	$ 832,895 (USD 26,500,000)	$ 97,202 (USD 3,092,636)	($ 37,000)	100	($ 37,000) (Note 5)	($ 253,212)	$ -
Apex Textile Company	Manufacture and sale of textile products and dyeing and finishing	251,440 (USD 8,000,000)	3.Bright Wisdom Ltd.	238,053 (USD 7,574,076)	-	96,969 (USD 3,085,257)	141,084 (USD 4,488,819)	(11,143)	61.71	(6,876)	93,985	-
Shanghai De Licacy Company	General investment	1,736,508 (USD 55,250,000)	3. Sin Hao Company, Samoa Sin Young International Limited	64,432 (USD 2,050,000)	-	-	64,432 (USD 2,050,000)	-	-	-	-	-
Nantong De Licacy Limited	Production and sales of long and short fiber fabric processing and finishing	1,257,200 (USD 40,000,000)	3.Best Alliance Limited	471,450 (USD 15,000,000)	-	-	471,450 (USD 15,000,000)	(33,199)	100	(33,199)	1,264,420	-

Company name	Accumulated investment in Mainland China as of December 31, 2025 (Note 3)	Investment amount authorized by the Investment Commission, MOEA (Note 3)	Investment quota in China according to the Investment Commission, MOEA
Hangzhou De Licacy Limited	$ 97,202 (USD 3,092,636)	$ 1,401,547 (USD 44,592,636)	(Note 2)
Apex Textile Company	$ 141,084 (USD 4,488,819)	$ 238,053 (USD 7,574,076)	(Note 2)
Shanghai De Licacy Company	$ 64,432 (USD 2,050,000)	$ 394,447 (USD 12,550,000)	(Note 2)
Nantong De Licacy Limited	$ 471,450 (USD 15,000,000)	$ 1,257,200 (USD 40,000,000)	(Note 2)

Note 1: Recognized based on the financial statements of the investee company reviewed by the parent company's certified public accountants in Taiwan during the same period.

Note 2: In accordance with the newly revised "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" dated August 29, 2018, the Company obtained the certificate issued by the Industrial Development Bureau, Ministry of Economic Affairs on March 24, 2021, which conforms to the scope of operation of the Ministry of Manufacturing Operations, so the calculation of investment limit is not required.

Note 3: The related amount was translated at foreign exchange rate of $31.43 per USD at the end of period.

Note 4: Including the recognition of De Yi Company's investment of $123,177 (USD3,919,091) in Hangzhou Deli by way of debt in proportion to its shareholding.

Note 5: The difference is the unrealized gain or loss on disposal of property, plant and equipment and investment of real property.

Note 6: (1) Investment in Mainland China through third-party remittance.
(2) Investment in Mainland China through a third-party company.
(3) Reinvestment in Mainland China through reinvestment in an existing company in a third region.

De Licacy Industrial Co., Ltd. and Subsidiaries
Significant Transactions with China Investees Directly or Indirectly through Third Regions, the Prices, Payment Terms, and Unrealized Gains or Losses
For the Year Ended December 31, 2025

Schedule 8

(In Thousands of New Taiwan Dollars)

Company	Trading partners	Relationship with transaction partner	Transaction type	Amount	Balance			Notes and accounts receivable (payable)		Unrealized income (loss)
					Price	Payment erm	Comparison with general transactions	Balance	Percentage (%)	
De Fa Company	Nantong De Licacy Limited	The same ultimate parent company	Purchase	$ 806,012	Trade at general price	Open account 90 days	General open account 30-150 days	$ -	-	$ -
Total Express Ltd.	Nantong De Licacy Limited	The same ultimate parent company	Purchase	677,140	Trade at general price	Open account 90 days	No general customers available for comparison	4	100	-

De Licacy Industrial Co., Ltd. and Subsidiaries

Property, plant and equipment

For the Years Ended December 31, 2025 and 2024

Schedule 9

(In Thousands of New Taiwan Dollars)

	Owned land	Land improvements	Buildings	Machinery equipment	Transportation equipment	Other equipment	Property in construction	Total
Cost								
Balance at 1 January 2024	$ 293,975	$ 11,310	$ 771,080	$ 1,266,568	$ 13,786	$ 466,643	$ 3,655	$ 2,827,017
Additions	-	-	-	41,469	-	6,835	21,362	69,666
Disposal	-	-	(1,498)	(274,901)	(690)	(15,273)	-	(292,362)
Reclassification	-	-	-	10,828	-	8,974	(17,598)	2,204
Balance at December 31, 2024	$ 293,975	$ 11,310	$ 769,582	$ 1,043,964	$ 13,096	$ 467,179	$ 7,419	$ 2,606,525
Accumulated depreciation and impairment								
Balance at 1 January 2024	$ -	$ 10,441	$ 579,661	$ 1,069,741	$ 12,167	$ 389,095	$ -	$ 2,061,105
Depreciation expenses	-	86	18,738	47,939	441	21,799	-	89,003
Disposal	-	-	(900)	(225,851)	(690)	(15,244)	-	(242,685)
Balance at December 31, 2024	$ -	$ 10,527	$ 597,499	$ 891,829	$ 11,918	$ 395,650	$ -	$ 1,907,423
Net at December 31, 2024	$ 293,975	$ 783	$ 172,083	$ 152,135	$ 1,178	$ 71,529	$ 7,419	$ 699,102
Cost								
Balance at 1 January 2025	$ 293,975	$ 11,310	$ 769,582	$ 1,043,964	$ 13,096	$ 467,179	$ 7,419	$ 2,606,525
Additions	-	-	990	12,363	150	46,613	8,262	68,378
Disposal	-	-	-	(62,010)	(1,775)	(4,634)	-	(68,419)
Reclassification	-	-	101	15,454	-	14,125	(12,579)	17,101
Balance at December 31, 2025	$ 293,975	$ 11,310	$ 770,673	$ 1,009,771	$ 11,471	$ 523,283	$ 3,102	$ 2,623,585
Accumulated depreciation and impairment								
Balance at 1 January 2025	$ -	$ 10,527	$ 597,499	$ 891,829	$ 11,918	$ 395,650	$ -	$ 1,907,423
Depreciation expenses	-	86	18,899	44,151	437	23,767	-	87,340
Disposal	-	-	-	(35,786)	(1,714)	(4,634)	-	(42,134)
Balance at December 31, 2025	$ -	$ 10,613	$ 616,398	$ 900,194	$ 10,641	$ 414,783	$ -	$ 1,952,629
Net at December 31, 2025	$ 293,975	$ 697	$ 154,275	$ 109,577	$ 830	$ 108,500	$ 3,102	$ 670,956

§THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS§

De Licacy Industrial Co., Ltd.

Statement of Cash

December 31, 2025

Statement 1

(In Thousands of New Taiwan Dollars)

(Foreign currency expressed a full amount)

Item	Amount
Cash on hand, turnover	$ 410
Bank deposits	
Checks and demand deposits-NTD	83,814
Foreign currency demand deposits (Note)	245,774
	329,588
	$ 329,998

Note: USD7,819,703 (based on USD1=NTD31.43); JPY2,212 (based on JPY1=NTD0.2008); CNY43 (based on CNY1=NTD4.496).

De Licacy Industrial Co., Ltd.

Statement of financial assets at fair value through profit or loss-current

December 31, 2025

Statement 2 (In Thousands of New Taiwan Dollars)

(Unit price is full amount of NTD)

Name of financial product	Shares	Amount	Acquisition cost	Fair value		Provision of guarantees or pledges
				Unit price	Total amount	
Funds						
Hua Nan — Franklin Templeton SinoAm AI Hi-Tech Fund	8,881	$ 4,606	$ 4,603	$ 518.6	$ 4,606	None

De Licacy Industrial Co., Ltd.

Statement of financial assets at amortized cost-current and non-current

December 31, 2025

Statement 3

(In Thousands of New Taiwan Dollars)

(Foreign currency expressed a full amount)

Item	Annual interest rate (%)	Period	Amount
Current			
Reserves account			
Taiwan Cooperative Bank			$ 20,000
O-Bank			35,137
Pledged time deposits denominated in NTD			
Mega Bank	0.35	2025.12.16～2026.01.16	7,500
			$ 62,637
Non-current			
Pledged time deposits denominated in NTD			
Subordinate bonds of Fubon Life Insurance	3.7	2024.10.23～2034.10.23	$ 202,695

De Licacy Industrial Co., Ltd.

Statement of notes receivable (including related parties)

December 31, 2025

Statement 4 (In Thousands of New Taiwan Dollars)

Company name	Amount
Non-related parties	
GIANT TEXTILE ENTERPRISE CO., LTD.	$ 526
Chin Hsiung Spandex Co., Ltd.	395
E TEXTILE CO., LTD.	1,177
FLYING TEX CO., LTD.	300
Premiere Fashion Corp.	254
HER TSAIR INDUSTRIAL CO., LTD.	335
Other (Note)	158
	$ 3,145
Related parties	
Lucky Unique	$ 184,952
Tung Ming Company	8,507
De Fa Company	294
	$ 193,753

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

De Licacy Industrial Co., Ltd.

Statement of net accounts receivable (including related parties)

December 31, 2025

Statement 5 (In Thousands of New Taiwan Dollars)

Company name	Amount
Non-related parties (Note 2)	
SHANTA INDUSTRIES LTD.	$ 114,680
SINTEX INTERNATIONAL LTD.	32,086
MAGNOLIA	20,804
Other (Note 1)	148,670
	316,240
Less: Loss allowance	19,145
	$ 297,095
Related parties	
Lucky Unique	$ 18,129
Vietnam De Licacy Enterprise	87,204
Well&David Corp.	17,207
De Kao Company	6,933
Other (Note 3)	3,648
	$ 133,121

Note 1: The balance of each account included does not exceed 5% of the total accounts receivable.

Note 2: As $13,348 thousand has overdue for over 12 months, $13,348 thousand of loss allowances have been provided.

Note 3: The balance of each account included does not exceed 5% of the total accounts receivable-related parties.

De Licacy Industrial Co., Ltd.

Statement of inventory

December 31, 2025

Statement 6 (In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Market price (Note)
Finished goods	$ 613,337	$ 777,080
Work-in-progress	291,880	369,802
Raw materials	137,184	139,126
	$ 1,042,401	$ 1,286,008

Note: Market value is based on net realizable value.

De Licacy Industrial Co., Ltd.

Statement of changes in investments accounted for using equity method

For the year ended December 31, 2025

Statement 7

(In Thousands of New Taiwan Dollars)

	Beginning balance		Increase (decrease) in the current year		Changes in the current year						Ending balance					
	Shares	Amount	Payment for shares	Amount	Gains (losses) on investments	Realized gross loss from sales	Cash dividends received	Exchange difference on translation of financial statements of foreign operations	Unrealized gains or losses on investments in equity instruments at fair value through other comprehensive income	Actuarial gains or losses on defined benefit plans	Number of shares	Percentage of ownership (%)	Amount	Market price or net worth of equity	Valuation basis	Provision of guarantees or pledges
Investments accounted for using equity method																
De Licacy (Samoa) Holdings Company	59,404,382	$ 4,460,733	(29,585,257)	($ 960,938)	($ 21,862)	($ 11,503)	($ 333,758)	($ 75,125)	$ -	$ -	$ -	29,819,125	100	$ 3,057,547	Equity method	None.
Lucky Unique Enterprise Co., Ltd.	14,172,613	150,230	31,358,923	556,015	(69,899)	56,102	-	(19,317)	839	(27,472)	806	45,531,536	67.96	647,304	〃	〃
De-Fa International Industrial Co., Ltd.	5,500,000	36,418	-	-	54,352	-	(958)	-	-	-	-	5,500,000	100	89,812	〃	〃
Chadtex Industrial Co., Ltd.	2,143,033	35,410	(2,143,033)	(36,670)	244	-	-	-	1,016	-	-	-	-	-	〃	〃
View Best Global Limited	1,935,000	30,524	-	-	11,429	-	-	(2,321)	-	-	-	1,935,000	100	39,632	〃	〃
DE LICACY OLDINGS CO., LTD	27,010	3,695,751	-	-	396,607	-	-	(274,152)	-	-	-	27,010	100	3,818,206	〃	〃
PT DELIGHT INDUSTRIAL INDONESIA	-	-	44,550	33,127	-	-	-	-	-	-	-	44,550	99	33,127	〃	〃
		$ 8,409,066		($ 408,466)	$ 370,871	$ 44,599	($ 334,716)	($ 370,915)	$ 1,855	($ 27,472)	$ 806			$ 7,685,628		

De Licacy Industrial Co., Ltd.

Statement of short-term loans

December 31, 2025

Statement 8

(In Thousands of New Taiwan Dollars)

Bank	Type	Amount	Contract period	Interest rate range (%)	Lines of credit	Pledge or guarantee
First Commercial Bank	Credit loans	$ 140,260	2025.10.08～2026.03.27	2.18～2.23	$ 270,000	Chairman of the Company is the guarantor.
Taiwan Cooperative Bank	〃	200,000	2025.09.17～2026.10.30	2.28	300,000	〃
E.SUN Bank	〃	60,000	2025.12.26～2026.03.26	2.17	80,000	〃
Hua Nan Bank	〃	150,000	2025.12.05～2026.02.05	2.29	260,000	〃
Bank of Taiwan	〃	50,000	2025.11.05～2026.02.03	2.32	100,000	〃
Bank Sinopac Co., Ltd.	〃	80,000	2025.12.12～2026.03.12	2.14	80,000	〃
Land Bank of Taiwan	〃	30,000	2025.12.08～2026.03.08	2.19	50,000	〃
Entie Commercial Bank Ltd.	〃	240,000	2025.12.22～2026.01.22	2.42	240,000	〃
Fubon Bank	〃	140,000	2025.12.05～2026.03.05	2.37	140,000	〃
Cathay United Bank	〃	50,000	2025.12.17～2026.01.16	2.45	80,000	〃
BANGKOK BANK	〃	100,000	2025.12.15～2026.01.14	2.42	200,000	〃
The Export-Import Bank of the Republic of China	〃	300,000	2025.04.25～2026.07.30	2.2	300,000	〃
		1,540,260				
The Shanghai Commercial & Savings Bank	Collateralized borrowing	75,000	2025.12.18～2026.12.18	2.42	75,000	Time deposits
		$ 1,615,260				

De Licacy Industrial Co., Ltd.

Statement of short-term notes payable

December 31, 2025

Statement 9

(In Thousands of New Taiwan Dollars)

Guarantee or acceptance agency	Period	Discount rate (annual) (%)	Amount		
			Issuing amount	Unamortized ticket discount	Carrying amount
Grand Bills Finance Corp.	2025.12.12～2026.02.10	1.55	$ 50,000	($ 87)	$ 49,913
China Bills Finance Corp.	2025.11.04～2026.01.02	1.53	40,000	(3)	39,997
Da Ching Bills Finance Corp.	2025.11.17～2026.01.16	2.04	50,000	(45)	49,955
O-Bank	2025.11.21～2026.01.20	1.5	260,000	(214)	259,786
Bank of East Asia	2025.10.09～2026.01.07	1.5	210,000	(60)	209,940
O-Bank	2025.10.23～2026.01.23	2.08	170,000	-	170,000
			$ 780,000	($ 409)	$ 779,591

De Licacy Industrial Co., Ltd.

Statement of notes payable (including related parties)

December 31, 2025

Statement 10 (In Thousands of New Taiwan Dollars)

Company name	Amount
Non-related parties	
SINCERE CHINA LIMITED	$ 4,035
BIGSUNSHINECO., LTD.	5,002
Stella International Holdings Limited	2,032
Others (Note)	23,139
	$ 34,208
Related parties	
Tung Ming Company	$ 16,951
Lucky Unique	23,566
Future Power International Co., Ltd.	9,220
	$ 49,737

Note: The balance of each account included does not exceed 5% of the total amount of notes payables.

De Licacy Industrial Co., Ltd.

Statement of accounts payable (including related parties)

December 31, 2025

Statement 11 (In Thousands of New Taiwan Dollars)

Company name	Amount
Non-related parties	
ITALON FIBER CO., LTD.	$ 7,122
Yi Shin Textile Industrial Co. Ltd.	2,558
HSIN-SIN TEXTILE CO., LTD.	3,027
FANG YU FENG CO., LTD.	2,960
Nan Ya Plastics Corporation	2,350
BIG SUNSHINE CO., LTD.	2,002
Others (Note)	18,481
	$ 38,500
Related parties	
Future Power International Co., Ltd.	$ 29,110
Tung Ming Company	29,199
Lucky Unique	21,330
Vietnam De Licacy Enterprise	25,027
	$ 104,666

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

De Licacy Industrial Co., Ltd.

Statement of other current liabilities

December 31, 2025

Statement 12 (In Thousands of New Taiwan Dollars)

Item	Amount
Receipts in suspense	$ 54,262
Receipts in lieu	4,490
Funds held in custody	6,952
Others (Note)	136
	$ 65,840

Note: The individual balance included does not exceed 5% of total other current liabilities.

De Licacy Industrial Co., Ltd.

Statement of long-term loans

December 31, 2025

Statement 13

(In Thousands of New Taiwan Dollars)

Bank name	Summary	Ending balance	Expiry amount within 1 year	Amount over than 1 year	Contract period	Interest rate (%)	Pledge or guarantee
The Export-Import Bank of the Republic of China	Credit loans	$ 75,000	$ 75,000	$ -	2021.12.08～2026.12.08	2.62	Chairman of the Company is the guarantor.
O-Bank	〃	83,250	30,600	52,650	2019.05.22～2029.07.09	1.19	〃
Hua Nan Commercial Bank	〃	26,480	14,030	12,450	2019.08.20～2029.11.12	1.53～2.03	〃
Land Bank of Taiwan	〃	3,044	3,044	-	2021.02.04～2026.02.04	2.43	〃
O-Bank (Lead bank of syndicated loan)	Syndicated loans	1,200,000	-	1,200,000	2025.04.22～2030.04.22	3.13	〃
O-Bank (Lead bank of syndicated loan)	Commercial paper guarantee for syndicated loans	797,275	-	797,275	2025.12.16～2026.03.16	1.58～1.77	〃
		2,185,049	122,674	2,062,375			
Less: Syndicated loans arrangement fee		8,305	-	8,305			
		$ 2,176,744	$ 122,674	$ 2,054,070			

Note: The loan contract of commercial paper guarantee for syndicated loans will be renewed every 3 months.

De Licacy Industrial Co., Ltd.

Statement of operating revenue

For the year ended December 31, 2025

Statement 14 (In Thousands of New Taiwan Dollars)

Item	Quantity	Amount
Sales revenue		
Finished fabric	27,035 thousand yards	$ 2,860,383
Yarn and processed silk	3,610 thousand kg	513,194
Dyeing auxiliaries, pulp and main materials	268 thousand kg	19,739
		3,393,316
Processing revenue		15,515
		3,408,831
Less: Sales returns		
Finished fabric	23 thousand yards	2,814
Sales discount		28,752
Net amount		$ 3,377,265

De Licacy Industrial Co., Ltd.

Statement of operating costs

For the year ended December 31, 2025

Statement 15 (In Thousands of New Taiwan Dollars)

Item	Amount
Beginning materials	$ 163,745
Add: Current year material imports	1,164,747
Loss for market price decline and obsolete and slow-moving inventories	18,222
Less: Sale of raw materials	260,058
Ending raw materials	137,184
Inventory loss	34
Transfer to research and development expenses	3,429
Transfer to manufacturing costs	38,194
Direct raw material consumption	907,815
Direct labor	179,882
Manufacturing costs	590,752
Add: Processing costs	818,802
Less: Transfer to research and development expenses	4,194
Manufacturing costs	2,493,057
Add: Beginning work-in-progress	363,562
Current year purchases	12
Transfer of finished goods	1,940,269
Loss for market price decline and obsolete and slow-moving inventories	13,482
Less: Inventory loss	657
Sale of work-in-progress	281,581
Ending work-in-progress	291,880
Transfer to manufacturing costs	5,657
Transfer to research and development expenses	746
Transfer to marketing expenses	35
Cost of finished goods	4,229,826
Add: Beginning finished goods	702,624
Current year purchases	156,693
Less: Ending finished goods	613,337
Loss for market price decline and obsolete and slow-moving inventories	122,154
Transfer to work-in-progress	1,940,269
Transfer to manufacturing costs	78
Transfer to marketing expenses	6,473
Transfer to Research and development expenses	8,959
Cost of production and sales	2,397,873
Cost of raw materials and work-in-process sold	541,639
Unallocated fixed manufacturing costs	55,491
Revenue from sale of scraps	(84)
Inventory loss on physical count	691
Loss for market price decline and obsolete and slow-moving inventories	90,450
Total operating costs	$ 3,086,060

De Licacy Industrial Co., Ltd.

Statement of operating expenses

For the year ended December 31, 2025

Statement 16 (In Thousands of New Taiwan Dollars)

	Summary	Marketing expense	Management expense	R&D expense	Expected credit impairment loss	Total
Payroll	Salaries, bonuses , and overtime fees, etc.	$ 40,064	$ 50,048	$ 45,776	$ -	$ 135,888
Shipping expenses	Land, sea and air freight expenses, etc.	43,987	4,547	31	-	48,565
Research fees	Product development expenses	-	-	19,055	-	19,055
Entertainment expense	Sample giving, entertaining customers, etc.	10,322	3,707	121	-	14,150
Depreciation	Depreciation expenses of fixed assets and right-or-use assets	8,049	6,086	3,037	-	17,172
Insurance expense	Labor and health insurance, fire insurance, accident insurance, etc.	5,489	6,290	5,892	-	17,671
Export expenses	Inspection and testing fees, etc.	18,087	-	-	-	18,087
Package expenses	Expenses including packages for export and cylindrical films	8,205	70	-	-	8,275
Service expesnes	Expenses including management fees, agency fees, appraisal, etc.	-	11,710	2	-	11,712
Pension	Employees' pension expenses	2,308	7,660	2,259	-	12,227
Expected credit loss		-	-	-	10,950	10,950
Others (Note)		22,920	40,913	16,924	-	80,757
		$ 159,431	$ 131,031	$ 93,097	$ 10,950	$ 394,509

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

De Licacy Industrial Co., Ltd.

Statement of Labor, Depreciation and Amortization by Function

Statement 17 (In Thousands of New Taiwan Dollars)

	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Payroll	$ 218,464	$ 135,888	$ 354,352	$ 277,577	$ 180,112	$ 457,689
Labor and health insurance	25,496	17,036	42,532	26,983	16,497	43,480
Pension	6,675	12,227	18,902	7,116	6,964	14,080
Remuneration to directors	-	6,589	6,589	-	13,258	13,258
Other	8,796	7,457	16,253	9,774	7,589	17,363
	$ 259,431	$ 179,197	$ 438,628	$ 321,450	$ 224,420	$ 545,870
Depreciation	$ 80,272	$ 17,172	$ 97,444	$ 81,274	$ 18,553	$ 99,827

Note: The number of employees for the current year and the previous year were 666 and 724, respectively, of which the number of directors who were not concurrent employees in 2025 and 2024 were both 6.

(1) The average employee benefit expense for the year was $654 thousand ("Total employee benefit expense for the year – Total amount of director's remuneration" / "Number of employees for the year – Number of directors who are not concurrent employees"). The average employee benefit expense for the previous year was $742 thousand ("Total employee benefit expense for the previous year – Total amount of director's remuneration" / "Number of employees for the previous year – Number of directors who are not concurrent employees").

(2) The average employee salary expense for the year was $537 thousand (Total salary expense for the year / "Number of employees for the year – Number of directors who are not concurrent employees"). The average employee salary expense for the previous year was $637 thousand (Total salary expense for the previous year / "Number of employees for the previous year – Number of directors who are not concurrent employees").

(3) Change in average employee salary cost adjustment (16)% ("Average employee salary cost for the current year – Average employee salary cost for the previous year" / Average employee salary cost for the previous year).

(4) The Company's employee compensation policy is to provide employees with compensation and benefits that are above the industry average. Employee compensation includes monthly salaries (including special allowances, special expenses, production bonuses, etc. for performance and production results), bonuses for the three holidays (Spring Festival, Labor Day and Mid-Autumn Festival), and compensation based on the Company's annual profitability (year-end bonuses). In accordance with Article 26 of the Company's Articles of Incorporation, the Company shall set aside no less than 4% of the Company's annual profit as employee compensation, and the amount and distribution method shall be recommended by the Remuneration Committee to the Board of Directors for approval. Employee compensation will be distributed at the mid-year or at the end of year, and the amount distributed is determined according to each employee's position, contribution and performance.

(5) The Chairman, Vice Chairman and Managers (including managers who serve as directors) of the Company shall be paid monthly in accordance with the Salary Control Act. In the event of a salary increase or a change in position during their term of office that results in an increase in compensation or the payment of a year-end bonus, the Remuneration Committee shall consider the matter and submit it to the Board of Directors for a resolution. The Board of Directors shall recuse itself from voting on any resolution of compensation for itself and its related parties. In accordance with Article 26 of the Company's Articles of Incorporation, if the Company makes a profit in a year, the Board of Directors shall resolve to set aside not more than 3% of the remuneration of the directors. However, if the Company still has accumulated losses, the amount of compensation shall be reserved in advance and then the remuneration to the directors shall be provided in accordance with the aforementioned percentage.

(6) The remuneration for independent directors shall be $250,000 per year for each director, regardless of profit or loss.

(7) The Company has established an Audit Committee; there is no supervisor.