

Sanitar Co., Ltd. and Subsidiaries

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

(Translation Edition)

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DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of affiliates as of and for the year ended December 31, 2025 under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." Relevant information that should be disclosed in the combined financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Sanitar Co., Ltd. did not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

SANITAR CO., LTD.

By:

HSIAO, CHUN HSIANG
Chairman

March 6, 2026

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sanitar Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Sanitar Co., Ltd. and its subsidiary, which comprise the consolidated balance sheets as of December 31, 2025 and 2024, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sanitar Co., Ltd. and its subsidiary as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for Sanitar Co., Ltd. and its subsidiary's consolidated financial statements for the year ended December 31, 2025 are stated as follows:

Validity of Sales to Specific Customers

As revenue recognition is presumed to have significant audit risk in accordance with the auditing standards, and the counterparties of Sanitar Co., Ltd. and its subsidiary are mainly distributors, which have larger single transaction sales amounts, the risk of revenue recognition is the occurrence of sales revenue. Considering the materiality to the financial statements, sales revenue to specific customers with larger single transaction sales amounts is regarded as a key audit matter. Refer to Notes 4 (13) and 23 to the parent company only financial statements for the details.

The main audit procedures performed in respect of the abovementioned key audit matter are as follows:

1. We understood, evaluated and tested the effectiveness of the design and implementation of internal control system that is related to revenue recognition.
2. We obtained the sales details of these particular customers for the year ended December 31, 2025, sample tested the selected sales transaction and traced to its original purchase order, the delivery order and the invoice, and agreed the amount to the book to ensure the occurrence of the sales.
3. We obtained the sales returns details of the particular customers for the subsequent period, sample tested the related sales returns supporting document and reviewed the reasonableness of the cause of such sales returns.

Other Matter

We have also audited the parent company only financial statements of Sanitar Co., Ltd. as of and for the years ended December 31, 2025 and 2024 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the audit committee) are responsible for overseeing Sanitar Co., Ltd. and its subsidiary's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated 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 the 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 Sanitar Co., Ltd. and its subsidiary'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 Sanitar Co., Ltd. and its subsidiary'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Sanitar Co., Ltd. and its subsidiary to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Sanitar Co., Ltd. and its subsidiary to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with statements 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 consolidated financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chin-Chuan Shih and Chien-Ming Tseng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 6, 2026

SANITAR CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

ASSETS	2025		2024	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 29)	\$ 377,278	13	\$ 251,893	9
Financial asset at fair value through profit or loss-current(Notes 4, 7 and 29)	37,657	1	36,461	1
Financial assets at amortized cost - current (Notes 4, 10 and 29)	257,935	9	191,550	7
Notes receivable, net (Notes 4, 11 and 29)	21,864	1	41,941	2
Accounts receivable, net (Notes 4, 11, 23 and 29)	276,272	9	332,066	12
Accounts receivable from related parties, net (Notes 4, 11, 23, 29 and 30)	1,742	-	4,640	-
Other receivables (Notes 4 and 29)	10,726	-	5,180	-
Other receivables from related parties (Notes 29 and 30)	8	-	5	-
Inventories (Notes 4, 12 and 31)	772,508	26	798,080	28
Other prepayments	18,670	1	11,443	-
Prepayments for purchases	34,525	1	33,448	1
Non-current assets held for sale(Notes 13)	-	-	-	-
Other current assets (Note 18)	12,760	1	25,177	1
Total current assets	<u>1,821,945</u>	<u>62</u>	<u>1,731,884</u>	<u>61</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income – non-current (Notes 4 ,8,9and 29)	35,316	1	-	-
Property, plant and equipment (Notes 4, 15, 31 and 32)	793,571	27	875,489	31
Right-of-use assets (Notes 4 and 16)	121,273	4	122,964	4
Intangible assets (Notes 4 and 17)	9,105	1	11,611	1
Deferred tax assets (Notes 4 and 25)	85,422	3	56,417	2
Prepayments for equipment (Note 32)	45,755	2	37,189	1
Refundable deposits(Note 29)	7,931	-	6,973	-
Other non-current assets (Note 18)	9,028	-	5,761	-
Total non-current assets	<u>1,107,401</u>	<u>38</u>	<u>1,116,404</u>	<u>39</u>
TOTAL	<u>\$ 2,929,346</u>	<u>100</u>	<u>\$ 2,848,288</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 29)	\$ 90,000	3	\$ 750	-
Contract liabilities - current (Notes 4 and 23)	6,899	-	6,946	-
Accounts payables (Notes 20 and 29)	86,394	3	75,408	3
Other payables (Notes 21 and 29)	127,270	4	132,282	5
Current tax liabilities (Notes 4, 25 and 29)	46,684	2	43,370	1
Lease liabilities - current (Notes 4, 16 and 29)	16,542	1	15,214	1
Long-term liabilities - current portion (Notes 19 and 29)	598	-	17,667	1
Other current liabilities (Note 29)	5,445	-	6,721	-
Total current liability	<u>379,832</u>	<u>13</u>	<u>298,358</u>	<u>11</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 19 and 29)	986	-	18,000	1
Deferred tax liabilities (Notes 4 and 25)	196,145	7	186,579	6
Lease liabilities - non-current (Notes 4, 16 and 29)	60,655	2	57,170	2
Guarantee deposits	99	-	331	-
Total non-current liabilities	<u>257,885</u>	<u>9</u>	<u>262,080</u>	<u>9</u>
Total liabilities	<u>637,717</u>	<u>22</u>	<u>560,438</u>	<u>20</u>
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY (NOTES 4, 22 AND 25)				
Share capital				
Ordinary shares	726,000	25	726,000	26
Capital surplus	282,857	10	283,555	10
Retained earnings				
Legal reserve	348,753	12	317,230	11
Special reserve	193,592	7	225,393	8
Unappropriated earnings	976,070	33	887,822	31
Total retained earnings	<u>1,518,415</u>	<u>52</u>	<u>1,430,445</u>	<u>50</u>
Other equity	(280,576)	(10)	(193,592)	(7)
Treasury shares	-	-	-	-
Total liabilities of the owners of the Company	2,246,696	77	2,246,408	79
NON-CONTROLLING INTERESTS				
	44,933	1	41,442	1
Total equity	<u>2,291,629</u>	<u>78</u>	<u>2,287,850</u>	<u>80</u>
TOTAL	<u>\$ 2,929,346</u>	<u>100</u>	<u>\$ 2,848,288</u>	<u>100</u>

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

SANITAR CO., LTD. AND SUBSIDIARIES

CONSOLIDATED 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	
	Amount	%	Amount	%
OPERATING REVENUE (NOTES 4, 23 AND 30)				
Sales	\$ 2,639,429	101	\$ 2,812,887	101
Sales returns	(4,076)	-	(3,486)	-
Sales allowances	(34,529)	(1)	(39,272)	(2)
Other operating revenue	<u>17,471</u>	<u>-</u>	<u>20,196</u>	<u>1</u>
Total operating revenue	<u>2,618,295</u>	<u>100</u>	<u>2,790,325</u>	<u>100</u>
OPERATING COSTS (NOTES 12 AND 24)				
Cost of goods sold	(1,598,163)	(61)	(1,745,985)	(62)
Other operating costs	<u>(55,998)</u>	<u>(2)</u>	<u>(54,861)</u>	<u>(2)</u>
Total operating costs	<u>(1,654,161)</u>	<u>(63)</u>	<u>(1,800,846)</u>	<u>(64)</u>
GROSS PROFIT	<u>964,134</u>	<u>37</u>	<u>989,479</u>	<u>36</u>
OPERATING EXPENSES (NOTE 24)				
Selling and marketing expenses	(357,207)	(14)	(359,200)	(13)
General and administrative expenses	(215,796)	(8)	(216,566)	(8)
Research and development expenses	(34,020)	(1)	(37,890)	(1)
Expected credit (loss)reversal	<u>(32,453)</u>	<u>(1)</u>	<u>(3,299)</u>	<u>-</u>
Total operating expenses	<u>(639,476)</u>	<u>(24)</u>	<u>(616,955)</u>	<u>(22)</u>
PROFIT FROM OPERATIONS	<u>324,658</u>	<u>13</u>	<u>372,524</u>	<u>14</u>
NON-OPERATING INCOME AND EXPENSES (NOTES 4 AND 24)				
Interest income	14,438	1	9,315	-
Rent income	530	-	530	-
Dividends income	1,002	-	1,358	-
Other income	2,801	-	1,964	-
Foreign exchange gains	7,839	-	15,528	1
Interest expenses	(5,087)	-	(5,105)	-
Loss on disposal of property, plant and equipment	511	-	1,013	-
Lease modification gains	-	-	169	-
Gain on disposal of non-current assets held for sale	9,592	-	-	-
Financial asset at fair value through profit or loss	568	-	12,865	-
Other expenses	<u>(2,530)</u>	<u>-</u>	<u>(1,609)</u>	<u>-</u>
Total non-operating income and expenses	<u>29,664</u>	<u>1</u>	<u>36,028</u>	<u>1</u>

(Continued)

SANITAR CO., LTD. AND SUBSIDIARIES

CONSOLIDATED 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	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 354,322	14	\$ 408,552	15
INCOME TAX EXPENSE (NOTES 4 AND 25)	<u>(90,844)</u>	<u>(4)</u>	<u>(87,443)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>263,478</u>	<u>10</u>	<u>321,109</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME (NOTES 4, 22 AND 25)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(109,318)	(4)	40,078	1
Unrealized gains or losses on investments in debt instruments measured at FVOCI	(110)	-	-	-
Income tax related to items that may be reclassified subsequently to profit or loss	<u>21,718</u>	<u>1</u>	<u>(7,950)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(87,710)</u>	<u>(3)</u>	<u>32,128</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 175,768</u>	<u>7</u>	<u>\$ 353,237</u>	<u>13</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 262,210	10	\$ 315,233	12
Non-controlling interests	<u>1,268</u>	<u>-</u>	<u>5,876</u>	<u>-</u>
	<u>\$ 263,478</u>	<u>10</u>	<u>\$ 321,109</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 175,226	7	\$ 347,034	13
Non-controlling interests	<u>542</u>	<u>-</u>	<u>6,203</u>	<u>-</u>
	<u>\$ 175,768</u>	<u>7</u>	<u>\$ 353,237</u>	<u>13</u>
EARNINGS PER SHARE (NT\$; NOTE 26)				
Basic	<u>\$ 3.61</u>		<u>\$ 4.37</u>	
Diluted	<u>\$ 3.59</u>		<u>\$ 4.33</u>	

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

SANITAR CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company												
	Ordinary Shares						Other Equity					Non-controlling Interests	Total Equity
	Share Issued (In Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized gains or losses on financial assets measured at FVOCI	Treasury Shares	Total			
BALANCE, JANUARY 1, 2024	72,600	\$ 726,000	\$ 277,703	\$ 293,667	\$ 166,229	\$ 785,053	(\$ 225,393)	\$ -	(\$ 15,674)	\$ 2,007,585	\$ 39,761	\$ 2,047,346	
Appropriation of the 2023 earnings													
Legal reserve	-	-	-	23,563	-	(23,563)	-	-	-	-	-	-	
Special reserve	-	-	-	-	59,164	(59,164)	-	-	-	-	-	-	
Cash dividends to shareholders of the Company	-	-	-	-	-	(129,737)	-	-	-	(129,737)	-	(129,737)	
Loss on disposal of treasury shares	-	-	5,852	-	-	-	-	-	15,674	21,526	-	21,526	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,522)	(4,522)	
Net profit for the year ended December 31, 2024	-	-	-	-	-	315,233	-	-	-	315,233	5,876	321,109	
Other comprehensive income for the year ended December 31, 2024, net of income tax	-	-	-	-	-	-	31,801	-	-	31,801	327	32,128	
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	-	315,233	31,801	-	-	347,034	6,203	353,237	
BALANCE, DECEMBER 31, 2024	72,600	726,000	283,555	317,230	225,393	887,822	(193,592)	-	-	2,246,408	41,442	2,287,850	
Appropriation of the 2024 earnings													
Legal reserve	-	-	-	31,523	-	(31,523)	-	-	-	-	-	-	
Special reserve	-	-	-	-	(31,801)	31,801	-	-	-	-	-	-	
Cash dividends to shareholders of the Company	-	-	-	-	-	(174,240)	-	-	-	(174,240)	-	(174,240)	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	2,949	2,949	
Changes in ownership interests in subsidiaries	-	-	(698)	-	-	-	-	-	-	(698)	-	(698)	
Net profit for the year ended December 31, 2025	-	-	-	-	-	262,210	-	-	-	262,210	1,268	263,478	
Other comprehensive loss for the year ended December 31, 2025, net of income tax	-	-	-	-	-	-	(86,874)	(110)	-	(86,984)	(726)	(87,710)	
Total comprehensive income for the year ended December 31, 2025	-	-	-	-	-	262,210	(86,874)	(110)	-	175,226	542	175,768	
BALANCE, DECEMBER 31, 2025	72,600	\$ 726,000	\$ 282,857	\$348,753	\$193,592	\$ 976,070	(\$ 280,466)	(\$ 110)	\$ -	\$ 2,246,696	\$ 44,933	\$2,291,629	

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

SANITAR CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 354,322	\$ 408,552
Adjustments for:		
Depreciation expenses	93,384	103,311
Amortization expenses	4,581	4,668
Expected credit loss recognized on accounts receivable(Reverse)	32,453	3,299
Net profit of financial asset at fair value through profit or loss	(568)	(12,865)
Interest expenses	5,087	5,105
Interest income	(14,438)	(9,315)
Dividends income	(1,002)	(1,358)
Share-based remuneration cost	-	5,900
Gain on disposal of property, plant and equipment	(511)	(1,013)
Gain on disposal of non-current assets held for sale	(9,592)	-
Net unrealized foreign exchange gains	(39)	-
Lease modification gains	-	(169)
Loss from market price decline and obsolete and slow-moving inventory (gain from price recovery)	8,287	(6,982)
Changes in operating assets and liabilities		
Notes receivable	20,077	(22,910)
Accounts receivable	56,910	2,909
Accounts receivable from related parties	2,898	129
Other receivables	(3,068)	(182)
Other receivables from related parties	(3)	(5)
Inventories	19,765	(79,295)
Other prepayments	(7,227)	(1,105)
Prepayments for purchases	(1,077)	6,490
Other current assets	12,417	(12,882)
Overdue receivables	(33,482)	(1,400)
Contract liabilities - current	(47)	(988)
Accounts payable	10,986	(21,474)
Other payables	(5,033)	13,645
Other payables from related parties	-	(50)
Other current liabilities	(1,276)	(1,101)
Cash generated from operations	543,804	380,914
Interest received	12,789	6,221
Dividends received	1,002	1,358
Interest paid	(5,066)	(5,152)
Income tax paid	(85,251)	(74,055)
Net cash generated from operating activities	<u>467,278</u>	<u>309,286</u> (Continued)

SANITAR CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)**

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(\$ 35,387)	\$ -
Acquisition of financial assets measured at amortized cost	(66,385)	(104,681)
Acquisition of financial assets measured at FVTOCI	(62,226)	(26,713)
Disposal of financial assets measured at FVTOCI	61,598	29,270
Proceeds from disposal of assets held for sale	16,128	-
Acquisitions of property, plant and equipment	(35,012)	(20,852)
Proceeds from disposal of property, plant and equipment	628	1,316
Increase in refundable deposits	(958)	-
Decrease in refundable deposits	-	1,120
Acquisition of intangible assets	(2,726)	(2,278)
Acquisition of right-of-use assets	(864)	-
Increase in other non-current assets	(3,542)	-
Decrease in other non-current assets	-	7,974
Increase in prepayments for equipment	(8,291)	(36,251)
Net cash used in investing activities	(137,037)	(151,095)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in short-term borrowings	89,250	(102,250)
Increase in long-term borrowings	-	8,333
Decrease in long-term borrowings	(34,083)	-
Increase in guarantee deposits	-	10
Decrease in guarantee deposits	(232)	-
Repayments of the principal portion of lease liabilities	(17,321)	(16,392)
Dividends paid to owners of the Company	(174,240)	(129,737)
Employee purchase treasury shares	-	15,626
Changes in non-controlling interests	1,525	(4,195)
Cash outflow from financing activities	(135,101)	(228,605)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	(69,755)	24,344
NET DECREASE IN CASH AND CASH EQUIVALENTS	125,385	(46,070)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>251,893</u>	<u>297,963</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 377,278</u>	<u>\$ 251,893</u>

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

SANITAR CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL INFORMATION

Sanitar Co., Ltd. (the “Company”) started operations from 1985 and was originally under the name Liantuo Jingye Co., Ltd., which was mainly engaged in the manufacturing and sale of sanitary porcelain products. On January 26, 1988, the Company was reorganized and established itself as Sanken Industrial Co., Ltd. Since 2003, it was renamed as Sanitar Co., Ltd. The Company mainly sells bathroom fixtures, such as bathtubs, toilets, and copper faucets, etc.

The Company’s shares were previously listed on the Taipei Exchange (formerly the Taiwan GreTai Securities Market) from August 2011 but since October 2013 have transferred listing to the Taiwan Stock Exchange (TWSE).

The consolidated financial statements of the Company and its subsidiary (collectively referred to as the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 6, 2026.

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

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Amendments to IAS 21 “Lack of Exchangeability”

The application of the amendments to IAS 21 “Lack of Exchangeability” will not result in a material change in the Company’s accounting policies.

- b. IFRSs recognized by the FSC applicable in 2026

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments’ regarding the application guidance on the classification of financial assets”	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 2020 and 2021 amendments)	January 1, 2023
<u>Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments’ regarding the application guidance on the classification of financial assets”</u>	

1. Amendments to the application guidance on the classification of financial assets

The amendments mainly revise the classification requirements for financial assets and include the following:

- A. If a financial asset contains a contingent event that may change the timing or amount of contractual cash flows, and the nature of the contingent event is not directly related to changes in basic lending risks and costs (for example, whether the debtor achieves a specified reduction in carbon emissions), the contractual cash flows of such financial asset are still considered to be solely payments of principal and interest on the principal amount outstanding (SPPI) if both of the following conditions are met:
- The contractual cash flows arising from all possible scenarios (before or after the occurrence of the contingent event) are solely payments of principal and interest on the principal amount outstanding; and
 - The contractual cash flows arising under all possible scenarios do not differ significantly from those of a financial instrument with the same contractual terms but without the contingent feature.
- B. The amendments clarify that financial assets with non-recourse features refer to financial assets for which the entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated from specified assets.
- C. The amendments clarify that contractually linked instruments establish multiple tranches of securities through a waterfall payment structure in order to create a priority of payments for the holders of financial assets. This structure results in a concentration of credit risk and causes any shortfall in cash flows from the underlying pool to be allocated disproportionately among the different tranches of securities.

2. Amendments to the application guidance on the derecognition of financial liabilities

The amendments mainly clarify that a financial liability should be

derecognized on the settlement date. However, when an entity uses an electronic payment system to settle a financial liability in cash, the entity may elect to derecognize the financial liability before the settlement date if all of the following conditions are met:

- The entity does not have the practical ability to withdraw, stop, or cancel the payment instruction;
- The entity does not have the practical ability to access the cash that will be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system is not significant.

The Company shall apply the amendments retrospectively; however, the comparative periods need not be restated. The cumulative effect of initially applying the amendments shall be recognized at the date of initial application. Nevertheless, comparative periods may be restated if the entity is able to do so without the use of hindsight.

Except for the impacts described above, as of the date the financial statements were authorized for issue, the Company has assessed that the amendments to other standards will not have a material impact on the Company's financial position and financial performance.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced 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: Disclosure"	January 1, 2027
Amendments to IAS 21 "Foreign Currency Transactions and Advance Hyperinflationary Economy"	January 1, 2027

Note 1: Unless otherwise specified, the above newly issued/amended/revised standards or interpretations are effective for the annual reporting period beginning after the respective respective dates.

Note 2: The Financial Supervisory Commission (FSC) announced on September 25, 2025, that IFRS 18 is mandatory for adoption by entities in Taiwan for annual reporting periods beginning on or after January 1, 2028. Entities may also elect to early adopt IFRS 18 after it has been endorsed by the FSC.

- 1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated.

2) IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will replace IAS 1 'Presentation of Financial Statements'. The major changes under this standard include:

- The income statement should classify revenue and expense items into categories such as operating, investing, financing, income tax, and discontinued operations.
- The income statement should report operating income, pre-tax income before financing, subtotal and total income.
- Guidance is provided to enhance aggregation and disaggregation requirements: The consolidated entity must identify assets, liabilities, equity, revenue, expenses, and cash flows resulting from individual transactions or other events, and classify and aggregate them based on common characteristics, ensuring that each line item in the primary financial statements shares at least one similar characteristic. Items with dissimilar characteristics should be disaggregated in the primary financial statements and notes. The consolidated entity should only label such items as "Other" when a more informative classification cannot be found.
- Disclosure of performance measures defined by management: When the consolidated entity communicates publicly outside the financial statements and presents management's views on specific aspects of the entity's overall financial performance to users of the financial statements, the entity should disclose information related to performance measures defined by management in a single note to the financial statements. This includes a description of the measure, how it is calculated, reconciliations to subtotals or totals defined by IFRS standards, and the impact of tax and non-controlling interests on the related adjustments.

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

- When the Company prepares cash flows from operating activities using the indirect method, profit or loss shall be used as the starting point for adjustments.
- Interest and dividends received by the Company are classified as investing activities, whereas interest and dividends paid are classified as financing activities. If the Company has assessed that certain items are related to specific main operating activities, it shall consider the type of dividend income, interest income, and interest expense presented in the income statement to determine the appropriate classification of received dividends, received interest, and paid interest in the statement of cash flows. Notwithstanding the foregoing, each of these cash flows can only be classified under a single category in the statement of cash flows.

Except for the impacts described above, as of the date the financial statements were authorized for issue, the Company continues to assess the effects of amendments to various standards and interpretations on its financial position and financial performance. Any further impacts will be disclosed when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance

The consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs endorsed by the FSC with the effective dates.

2. Basis of preparation

Except for the financial instruments measured at fair value, the consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for 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.

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 and cash equivalents 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, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

4. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and the entities controlled by the Group (i.e. its subsidiary). Adjustments are made to the financial statements of its subsidiary to bring their accounting policies into line with those used by the Group. In the preparation of these consolidated financial statements, all intercompany transactions, account balances, revenues, and expenses have been fully eliminated. The total comprehensive income of the subsidiary is attributed to the owners of the Company and non-controlling interests, even if the non-controlling interest results in a negative balance.

Details of subsidiaries, ownership percentages, and business activities are disclosed in Note 14 and Schedule 6.

5. Foreign currencies

In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (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 the 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 gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

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

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including subsidiaries and branches in other countries that use currencies which are different from the currency of the Group) are translated into the presentation currency, the New Taiwan dollar, using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

6. Inventories

Inventories consist of raw materials, supplies, work in progress, finished goods and merchandise inventories and are stated at the lower of cost and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value represents 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.

7. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other identical categories of property, plant and equipment, commences when the assets are available for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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.

8. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

9. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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 estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

10. Non-current Assets Held for Sale

Non-current assets are classified as held for sale when their carrying amounts are expected to be recovered primarily through a sale transaction rather than through continued use. Non-current assets classified as held for sale must be available for immediate sale in their present condition, and the sale must be highly probable. A sale is considered highly probable when management at an appropriate level is committed to a

plan to sell the asset, and the sale is expected to be completed within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets ceases.

11. Financial instruments

Financial assets and financial liabilities are recognized in the Parent Group Only Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

On initial recognition, 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. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

A. Financial assets

The transaction practice of the financial assets adopts accounting recognition and de-recognition on the transaction day.

(A) Measurement types

The types of financial assets held by the Group are investment in equity instruments measured at FVTPL and financial assets measured at amortized cost.

a. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include mandatory fair value through profit or loss and financial assets designated as fair value through profit or loss. Financial assets that are mandatory to be measured at fair value through profit or loss include equity instrument investments that are not designated as measured at fair value through other comprehensive profit or loss, and debt instrument investments that do not qualify for classification as measured at amortized cost or at fair value through other comprehensive profit or loss .

Financial assets at fair value through profit or loss are measured at fair value, with dividends, interest and remeasurement gains or losses recognized in other gains and losses/dividends and interest arising are recognized in other income and interest income, respectively , the gains or losses arising from re-measurement are recognized in other gains and losses. For the determination method of fair value, please refer to Note 28 "Financial Instruments".

b. Financial assets measured at amortized cost

The Group's investments in financial assets are classified as financial assets measured 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 measured at amortized cost (including cash and cash equivalents, notes receivable, accounts receivable and other receivables measured 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 assets, except in the following two cases:

- (a).Interest income on credit-impaired financial assets acquired or created is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial assets.
- (b).Interest income is calculated by multiplying the effective interest rate by the amortized cost of the financial asset for financial assets that are not acquired or originated as credit-impaired but subsequently become credit-impaired.

Credit-impaired financial assets means that the issuer or the debtor has experienced significant financial difficulties, defaulted, there is a high probability that the debtor will file for bankruptcy or other financial reorganization or that an active market for financial assets will disappear due to financial difficulties.

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

- c. Debt Instrument Investments Measured at Fair Value through Other Comprehensive Income (FVOCI)

Debt instrument investments of the Group are classified as financial assets measured at fair value through other comprehensive income (FVOCI) if both of the following conditions are met:

- a. They are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- b. The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Debt instrument investments measured at FVOCI are measured at fair value. Changes in carrying amount attributable to interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses or reversals are recognized in profit or loss, while all other changes are recognized in other comprehensive income. Upon disposal of the investment, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

d. Equity Instrument Investments Measured at Fair Value through Other Comprehensive Income (FVOCI)

At initial recognition, the Group may make an irrevocable election to designate equity instrument investments—other than those held for trading and those recognized as contingent consideration in a business combination—to be measured at fair value through other comprehensive income (FVOCI).

Equity instrument investments measured at FVOCI are measured at fair value, with subsequent changes in fair value recognized in other comprehensive income and accumulated in other equity. Upon disposal of the investment, the cumulative gains or losses are transferred directly to retained earnings and are not reclassified to profit or loss.

Dividends on equity instruments measured at FVOCI are recognized in profit or loss when the Group's right to receive payment is established, unless the dividend clearly represents a recovery of part of the investment cost.

(B) The impairment of financial assets

The Group assesses the impairment losses of financial assets (including notes receivable, accounts receivable and other receivables) measured at amortized cost at each balance sheet date based on expected credit losses.

Accounts receivable are recognized as an allowance for loss based on expected credit losses during the period of duration. Other financial assets are first evaluated to determine whether there is a significant increase in credit risk since initial recognition. If not, they are recognized as an allowance for loss based on expected credit losses over 12 months, and if so, based on expected credit losses over the duration period.

Expected credit losses are the average credit losses weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from default events on a financial instrument that are possible within the 12 months after the reporting date, while the expected credit loss over the life of the instrument represents the expected credit loss resulting from all default events on a financial instrument that are possible over the expected life.

For the purpose of internal credit risk management, the Group determines, without regard to its collateral holdings, that a default on financial assets has occurred in the following circumstances:

- A. There is internal or external information that indicates the debtor is unlikely to be able to pay the debt.
- B. If the debt is past due for more than a certain number of days, unless there is reasonable and supportable information indicating that a delayed default basis is more appropriate.

The impairment loss on all financial assets is reduced by the carrying amount of the allowance account and does not reduce the carrying amount of the financial assets.

(C) Derecognition of financial assets

The Group derecognizes financial assets only when the 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 financial assets are derecognized in their entirety at amortized cost, the difference between the carrying amount and the consideration received is recognized in profit or loss.

When investments in 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.

B. Equity Instruments

Debt and equity instruments issued by the Group are classified as financial liabilities or equity instruments based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Group are recognized at the proceeds received, net of directly attributable issuance costs.

Repurchased equity instruments of the Group are recognized within equity and deducted from equity. The carrying amount of repurchased shares is determined using the weighted-average method by class of shares. Purchases, sales, issuance, or cancellation of the Group's own equity instruments are not recognized in profit or loss.

C. Financial liability

(1) Subsequent measurement

All of the financial liability should be measured at the amortized costs through effective interest rate.

(2) Derecognition of financial liability

When derecognizing the financial liability, the difference between its book value amount and the consideration (including any non-cash asset transferred or the liability borne) paid will be recognized in profit or loss.

12. Provisions

Provisions are recognized based on the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties associated with the obligation. Provisions are measured at the present value of the estimated cash flows required to settle the obligation.

Carbon Fee Provisions

Carbon fee provisions recognized in accordance with relevant regulations, including the carbon fee collection rules in Taiwan, are measured based on the best estimate of the expenditure required to settle the obligation in the applicable year.

13. Revenue recognition

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

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of bathroom fixtures such as porcelain toilets and water outlets. Sales of sanitary equipment are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

14. Leases

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

1) The Group as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. The original direct costs incurred in acquiring an operating lease are added to the carrying amount of the subject asset and recognized as an expense on a straight-line basis over the lease term.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Rentals under leases that do not depend on changes in indices or rates are recognized as an expense in the period in which they are incurred.

15. Taxation

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

1) Current tax

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the assets is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

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 tax are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates 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.

The Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2025	2024
Petty cash and revolving funds	\$ 3,080	\$ 2,245
Checking accounts and demand deposits	367,912	240,898
Cash equivalents		
Time deposits with original maturities of less than 3 months	<u>6,286</u>	<u>8,750</u>
	<u>\$377,278</u>	<u>\$251,893</u>

7. FINANCIAL ASSETS MEASURED AT FVTPL

	December 31	
	2025	2024
<u>Financial asset at FVTPL</u>		
Non-derivative financial asset		
Listed and OTC stocks	<u>\$ 37,657</u>	<u>\$ 36,461</u>

8. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

	Dec. 31, 2025	Dec. 31, 2024
<u>Non-current</u>		
Equity Instrument Investments	\$ 29,000	\$ -
Debt Instrument Investments	6,316	-
	<u>\$ 35,316</u>	<u>\$ -</u>

(A) Equity Instrument Investments

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
<u>Non-current</u> Domestic Emerging Stock Investments	<u>\$ 29,000</u>	<u>\$ -</u>

The Group invests in the common shares of the above-mentioned companies based on a medium- to long-term strategic objective and expects to generate returns through long-term investment. The Company's management considers that recognizing short-term fair value fluctuations of these investments in profit or loss would not be consistent with the long-term investment strategy. Therefore, the Company has elected to designate these investments as financial assets measured at fair value through other comprehensive income (FVOCI).

For information on credit risk management and impairment assessment of debt instrument investments measured at FVOCI, please refer to Note 9.

Equity instrument investments measured at FVOCI are unencumbered.

(B) Debt Instrument Investments

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
<u>Non-current</u> Foreign Investments - Overseas Corporate Bonds	<u>\$ 6,316</u>	<u>\$ -</u>

In December 2025, the Company purchased a 5-year corporate bond issued by Group A, with a maturity date of 30 July 2030. The coupon rate and effective interest rate of the bond are both 4.8385%.

9. CREDIT RISK MANAGEMENT OF DEBT INSTRUMENT INVESTMENTS

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Total carrying amount	\$ 6,387	\$ -
Allowance for loss	<u>-</u>	<u>-</u>
Amortized cost	6,387	-
Fair Value Adjustment	(71)	-
	<u>\$ 6,316</u>	<u>\$ -</u>

Debt instrument investments of the Company are classified as financial assets measured at fair value through other comprehensive income (FVOCI).

The Group invests only in debt instruments that are investment grade or above and assessed as low credit risk for impairment purposes. Credit rating information is obtained from independent rating agencies. The Group continuously monitors external

credit ratings to oversee changes in the credit risk of its debt instrument investments, and also reviews the bond yield curve and other relevant information, including significant news regarding the debtor, to assess whether the credit risk of debt instrument investments has significantly increased since initial recognition.

The Group considers the historical default probabilities and loss given default provided by external rating agencies, the current financial condition of the debtor, and the industry outlook to measure the 12-month expected credit losses or lifetime expected credit losses of debt instrument investments.

As of 31 December 2025, the Group assesses that the credit risk of its debt instrument investments is low, the debtors have sufficient ability to meet contractual cash flows, and the expected credit loss rate is 0%.

10. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$257,935</u>	<u>\$191,550</u>

As of December 31, 2025, and December 31, 2024, the interest rate range for bank time deposits with original maturities exceeding three months was 4.75% to 6.60% and 4.70% to 6.00%, respectively.

11. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Notes receivable</u>		
Operating	<u>\$ 21,864</u>	<u>\$ 41,941</u>
<u>Accounts receivable</u>		
Unrelated parties	\$284,018	\$340,928
Less: Allowance for impairment loss	(<u>7,746</u>)	(<u>8,862</u>)
	<u>\$276,272</u>	<u>\$332,066</u>
Related parties	<u>\$ 1,742</u>	<u>\$ 4,640</u>

The average credit period of sales of goods was 30-90 days. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other

monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions, and according to which, the management distinguish all the customers into different risk group, and recognize the allowance for impairment loss calculated at the rate of the expected credit loss for each group.

The Group writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2025

	Not Past Due	Past Due 1 to 180 Days	Past Due Over 180 Days	Total
Gross carrying amount	\$ 265,297	\$ 15,864	\$ 4,599	\$ 285,760
Loss allowance (Lifetime expected credit losses)	(1,997)	(2,832)	(2,917)	(7,746)
Amortized cost	<u>\$ 263,300</u>	<u>\$ 13,032</u>	<u>\$ 1,682</u>	<u>\$ 278,014</u>

December 31, 2024

	Not Past Due	Past Due 1 to 180 Days	Past Due Over 180 Days	Total
Gross carrying amount	\$ 319,912	\$ 25,392	\$ 264	\$ 345,568
Loss allowance (Lifetime expected credit losses)	(1,827)	(6,881)	(154)	(8,862)
Amortized cost	<u>\$ 318,085</u>	<u>\$ 18,511</u>	<u>\$ 110</u>	<u>\$ 336,706</u>

The movements of the loss allowance of accounts receivable were as follows:

	Notes Receivable	Accounts Receivable	Overdue Receivables	Collections
Balance at January 1, 2025	\$ -	\$ 8,862	\$ -	\$1,832
Add: Net remeasurement of loss allowance	-	-	-	33,554
Less: Reversal of impairment losses for the year	-	(1,101)	-	-
Less: Write off	-	-	-	(231)
Foreign exchange gains and losses	-	(15)	-	(72)
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 7,746</u>	<u>\$ -</u>	<u>\$ 35,083</u>

	Notes Receivable	Accounts Receivable	Overdue Receivables	Collections
Balance at January 1, 2024	\$ -	\$ 6,932	\$ 1,128	\$1,148
Add: Net remeasurement of loss allowance	-	1,919	-	1,380
Less: Write off	-	-	(1,148)	(716)
Foreign exchange gains and losses	-	11	20	20
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 8,862</u>	<u>\$ -</u>	<u>\$ 1,832</u>

The Group did not have any notes receivable, accounts receivable and overdue receivables that were pledged as collateral.

12. INVENTORIES

	December 31	
	2025	2024
Raw materials	\$120,397	\$128,457
Work in progress	50,532	63,135
Finished goods	271,973	230,118
Merchandise inventories	<u>329,606</u>	<u>376,370</u>
	<u>\$772,508</u>	<u>\$798,080</u>

The allowance for impaired inventory as of December 31, 2025 and 2024 is \$55,747 thousand and \$49,940 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2025 and 2024 are as follows:

	For the Year Ended December 31	
	2025	2024
Inventory write-downs	\$ 8,287	\$ -
Reversal of inventory write-downs	\$ -	(\$ 6,982)
Loss (gain) on physical counts	(6,236)	(2,241)
Loss on retirement of inventory	<u>2,063</u>	<u>2,568</u>
	<u>\$ 4,114</u>	<u>(\$ 6,655)</u>

The inventories pledged as collateral for bank borrowings are set out in Note 31.

13. NON-CURRENT ASSETS HELD FOR SALE

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Land Held for Sale	<u>\$ -</u>	<u>\$ -</u>

In April 2025, due to a government construction project, the Group entered into a land sale and compensation agreement with the Ministry of Transportation and Miaoli County Government. As a result, assets expropriated by the government totaling NT\$7,365 thousand were reclassified as non-current assets held for sale.

The Group completed asset handover in July 2025 and received land sale proceeds from the Ministry of Transportation and Miaoli County Government in July and October 2025, totaling NT\$16,128 thousand. The gain on disposal of non-current assets held for sale was recognized at NT\$9,592 thousand.

14. SUBSIDIARIES

- a. Subsidiary included in the consolidated financial statements

The present consolidated financial reports were prepared for the following key entities:

Investor	Investee	Main Business	% of Ownership	
			December 31	
			2025	2024
Sanitar Co., Ltd.	Vietnam Caesar Sanitary Wares Joint Stock Company	Manufacturing and sales	99.9993	99.9993
Sanitar Co., Ltd.	KaiSheng Sanitary Ware Co., Ltd.	Sales	51	51
Sanitar Co., Ltd.	POLARC CO., LTD.	Manufacturing and sales	57.33	52

Sanitar Co., Ltd. passed the resolution of the board of directors on November 9, 2022 to invest in the establishment of Polarc co., LTD. to develop the Vietnamese waterproof building materials market. Polarc co., LTD. was established in May 2023 and obtained a business registration certificate. The registration certificate capital is US\$1,000,000. Sanitar Co., Ltd. invested US\$520,000 in capital in June 2023, with a shareholding ratio of 52%, so it is classified as a subsidiary ; In addition, in November 2025, the Group injected capital of USD 340 thousand, increasing its shareholding ratio to 57.33%.

- b. Subsidiaries excluded from the consolidated financial statements: None

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Transportation Equipment	Other Equipment	Leasehold Improvements	Construction in Progress	Total
<u>Cost</u>								
Balance on January 1, 2025	\$ 206,158	\$ 783,768	\$ 545,045	\$ 85,837	\$ 38,818	\$ 47,311	\$ 394	\$ 1,707,331
Additions	-	5,257	7,826	11,430	638	9,419	442	35,012
Reclassification	(7,365)	-	275	-	-	-	(275)	(7,365)
Disposals	-	-	(7,107)	(5,858)	(7,517)	(16,322)	-	(36,804)
Effect of foreign currency exchange differences	-	(42,611)	(42,705)	(3,052)	(1,241)	(102)	(32)	(89,743)
Balance on December 31, 2025	<u>\$ 198,793</u>	<u>\$ 746,414</u>	<u>\$ 503,334</u>	<u>\$ 88,357</u>	<u>\$ 30,698</u>	<u>\$ 40,306</u>	<u>\$ 529</u>	<u>\$ 1,608,431</u>
<u>Accumulated depreciation</u>								
Balance on January 1, 2025	\$ -	\$ 294,742	\$ 413,756	\$ 52,976	\$ 26,645	\$ 43,723	\$ -	\$ 831,842
Depreciation expense	-	28,246	28,038	10,417	3,891	2,328	-	72,920
Disposals	-	-	(7,107)	(5,741)	(7,517)	(16,322)	-	(36,687)
Effect of foreign currency exchange differences	-	(17,818)	(32,517)	(1,889)	(895)	(96)	-	(53,215)
Balance on December 31, 2025	<u>\$ -</u>	<u>\$ 305,170</u>	<u>\$ 402,170</u>	<u>\$ 55,763</u>	<u>\$ 22,124</u>	<u>\$ 29,633</u>	<u>\$ -</u>	<u>\$ 814,860</u>
Carrying amount at December 31, 2025	<u>\$ 198,793</u>	<u>\$ 441,244</u>	<u>\$ 101,164</u>	<u>\$ 32,594</u>	<u>\$ 8,574</u>	<u>\$ 10,673</u>	<u>\$ 529</u>	<u>\$ 793,571</u>
Carrying amount at December 31, 2024 and January 1, 2025	<u>\$ 206,158</u>	<u>\$ 489,026</u>	<u>\$ 131,289</u>	<u>\$ 32,861</u>	<u>\$ 12,173</u>	<u>\$ 3,588</u>	<u>\$ 394</u>	<u>\$ 875,489</u>
<u>Cost</u>								
Balance on January 1, 2024	\$ 206,158	\$ 767,117	\$ 529,759	\$ 79,960	\$ 35,600	\$ 47,274	\$ 616	\$ 1,666,484
Additions	-	904	5,073	10,463	4,118	-	294	20,852
Reclassification	-	-	-	-	-	-	(533)	(533)
Disposals	-	(88)	(5,674)	(5,707)	(1,354)	-	-	(12,823)
Effect of foreign currency exchange differences	-	15,835	15,887	1,121	454	37	17	33,351
Balance on December 31, 2024	<u>\$ 206,158</u>	<u>\$ 783,768</u>	<u>\$ 545,045</u>	<u>\$ 85,837</u>	<u>\$ 38,818</u>	<u>\$ 47,311</u>	<u>\$ 394</u>	<u>\$ 1,707,331</u>
<u>Accumulated depreciation</u>								
Balance on January 1, 2024	\$ -	\$ 258,047	\$ 377,160	\$ 46,868	\$ 22,775	\$ 37,763	\$ -	\$ 742,613
Depreciation expense	-	30,657	30,743	10,829	4,915	5,929	-	83,073
Disposals	-	(88)	(5,674)	(5,404)	(1,354)	-	-	(12,520)
Effect of foreign currency exchange differences	-	6,126	11,527	683	309	31	-	18,676
Balance on December 31, 2024	<u>\$ -</u>	<u>\$ 294,742</u>	<u>\$ 413,756</u>	<u>\$ 52,976</u>	<u>\$ 26,645</u>	<u>\$ 43,723</u>	<u>\$ -</u>	<u>\$ 831,842</u>
Carrying amount at December 31, 2024	<u>\$ 206,158</u>	<u>\$ 489,026</u>	<u>\$ 131,289</u>	<u>\$ 32,861</u>	<u>\$ 12,173</u>	<u>\$ 3,588</u>	<u>\$ 394</u>	<u>\$ 875,489</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 206,158</u>	<u>\$ 509,070</u>	<u>\$ 152,599</u>	<u>\$ 33,092</u>	<u>\$ 12,825</u>	<u>\$ 9,511</u>	<u>\$ 616</u>	<u>\$ 923,871</u>

The listed property, plant and equipment in 2025 and 2024 are assessed by management, and there are no signs of impairment.

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	
Office main buildings	50-55 years
Factory buildings	50 years
Others	2-50 years
Machinery	1-25 years
Transportation equipment	5-25 years
Office equipment	1-10 years
Leasehold improvements	4.25-6.08 years

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 31.

The Company leases the roof of the factory building in Zaoqiao Township under an operating lease, which is used to set up a solar photovoltaic system to generate electricity which is then sold to Taiwan Power Company. The lease period starts on March 14, 2019, which is the date of commercial operations of the solar photovoltaic system, and ends 20 years later. The lessee does not have bargain purchase options to acquire the asset at the end of the lease period.

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

	For the Year Ended December 31	
	2025	2024
Year 1	\$ 530	\$ 530
Year 2	530	530
Year 3	530	530
Year 4	530	530
Year 5	530	530
Year 6 onwards	<u>4,240</u>	<u>4,770</u>
	<u>\$ 6,890</u>	<u>\$ 7,420</u>

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	For the Year Ended December 31	
	2025	2024
<u>Carrying Amount of Right-of-Use Assets</u>		
Land	\$ 76,466	\$ 85,154
Buildings	<u>44,807</u>	<u>37,810</u>
	<u>\$ 121,273</u>	<u>\$ 122,964</u>
	2025	2024
Additions to Right-of-Use Assets	<u>\$ 25,832</u>	<u>\$ 11,720</u>
Depreciation Expense of Right-of-Use Assets		
Land	\$ 2,890	\$ 3,094
Buildings	<u>17,574</u>	<u>17,144</u>
	<u>\$ 20,464</u>	<u>\$ 20,238</u>

Except for the additions and recognition of depreciation expenses listed above, there was no significant sublease or impairment of the right-of-use assets of the Consolidated Company in 2025 and 2024.

b. Lease liabilities

	December 31	
	2025	2024
<u>Carrying amounts</u>		
Current	<u>\$ 16,542</u>	<u>\$ 15,214</u>
Non-current	<u>\$ 60,655</u>	<u>\$ 57,170</u>

Range of discount rate for lease liabilities was as follows:

	For the Year Ended December 31	
	2025	2024
Land	8.37%	8.37%
Buildings	0.85%-8.37%	0.85%-8.37%

c. Other lease information

	For the Year Ended December 31	
	2025	2024
Low-value asset lease expenditure	<u>\$ 4,235</u>	<u>\$ 4,974</u>
Total cash outflow for leases	<u>(\$ 24,809)</u>	<u>(\$ 24,533)</u>

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

17. INTANGIBLE ASSETS

	Computer Software
<u>Cost</u>	
Balance on January 1, 2025	\$ 35,056
Additions	2,726
Disposal	(1,355)
Effect of foreign currency exchange differences	<u>(1,931)</u>
Balance on December 31, 2025	<u>\$ 34,496</u>
<u>Accumulated amortization</u>	
Balance on January 1, 2025	\$ 23,445
Amortization expense	4,581
Disposal	(1,355)
Effect of foreign currency exchange differences	<u>(1,280)</u>
Balance on December 31, 2025	<u>\$ 25,391</u>
Carrying amount at December 31, 2024 and January 1, 2025	<u>\$ 11,611</u>
Carrying amount at December 31, 2025	<u>\$ 9,105</u>

(Continued)

Cost

Balance on January 1, 2024	\$ 32,162
Additions	2,278
Disposal	(79)
Effect of foreign currency exchange differences	<u>695</u>
Balance on December 31, 2024	<u>\$ 35,056</u>

Accumulated amortization

Balance on January 1, 2024	\$ 18,429
Amortization expense	4,668
Disposal	(79)
Effect of foreign currency exchange differences	<u>427</u>
Balance on December 31, 2024	<u>\$ 23,445</u>

Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 13,733</u>
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Carrying amount at December 31, 2024	<u>\$ 11,611</u>
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Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1-20 years
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18. OTHER ASSETS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Current</u>		
Purchase tax	\$ 11,358	\$ 24,018
Others	<u>1,402</u>	<u>1,159</u>
	<u>\$ 12,760</u>	<u>\$ 25,177</u>
<u>Non-current</u>		
Long-term prepayments	\$ 9,028	\$ 5,761
Overdue receivables	35,083	1,832
Less: Allowance for bad debts - overdue receivables	(<u>35,083</u>)	(<u>1,832</u>)
	<u>\$ 9,028</u>	<u>\$ 5,761</u>

19. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2025	2024
<u>Secured borrowings (Note 31)</u>		
Bank loans	\$ 40,000	\$ 750
<u>Unsecured borrowings</u>		
Credit facility borrowings	50,000	-
	<u>\$ 90,000</u>	<u>\$ 750</u>

The range of interest rates of bank revolving loans was 1.845%-1.875% and 2.35% per amount at December 31, 2025 and 2024, respectively.

b. Long-term borrowings

	<u>December 31</u>	
	2025	2024
<u>Unsecured borrowings</u>		
Bank of Taiwan		
Medium-term operating loan, the loan amount is 30,000 thousands, the 2025 annual interest rate is raised from 1.875%, the loan period is from January 15, 2021 to January 15, 2026, early Repayment on 12 June 2025.	\$ -	\$ 6,500
Medium-term policy loan, the loan amount is 35,000 thousands, the 2024 annual interest rate is raised from 2.22%, the loan period is from June 14, 2024 to June 14, 2027, early Repayment on 12 June 2025.	-	29,167
Hua Nan Commercial Bank, Ltd.		
Medium-term operating loan, the loan amount is 500 thousands USD, the 2025 annual interest rate is raised from 8.25%, the loan period is from June 24, 2025 to August 24, 2028, the principal and interest are repaid monthly	1,584	-
Less: Current portion	<u>(598)</u>	<u>(17,667)</u>
	<u>\$ 986</u>	<u>\$ 18,000</u>

20. ACCOUNTS PAYABLE

	December 31	
	2025	2024
<u>Accounts payable</u>		
Operating	<u>\$ 86,394</u>	<u>\$ 75,408</u>

Accounts payable were paid according to the contract terms. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

21. OTHER PAYABLES

	December 31	
	2025	2024
Payables for salaries and bonuses	\$ 61,791	\$ 61,533
Payables for employees' bonus	17,451	20,390
Payables for remuneration of directors and supervisors	7,183	8,381
Payables for advertising fees	4,046	6,047
Payables for freight expenses	3,832	4,316
Others	<u>32,967</u>	<u>31,615</u>
	<u>\$127,270</u>	<u>\$132,282</u>

22. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2025	2024
Shares authorized (in thousands of shares)	<u>100,000</u>	<u>100,000</u>
Shares authorized (in thousands of NT\$)	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>72,600</u>	<u>72,600</u>
Shares issued and fully paid (in thousands of NT\$)	<u>\$ 726,000</u>	<u>\$ 726,000</u>

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

b. Capital surplus

	December 31	
	2025	2024
<u>Can be used to make up losses, to issue cash dividends or to add into share capital (Note1)</u>		
Share premium	\$ 267,122	\$ 254,700
Premium on capital stock due to merger	9,481	9,481
Repurchase of treasury shares for employee stock options	5,852	5,852
<u>Restricted to offsetting losses</u>		
Changes in ownership interests in subsidiaries(Note2)	325	174
Exercising the right of attribution	77	77
<u>Cannot be used for any purpose</u>		
Cost of employee stock options	-	13,271
	<u>\$ 282,857</u>	<u>\$ 283,555</u>

Note1: Such capital surplus may be used to offset a deficit; in addition when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

Note2: Such capital reserves represent the impact of equity transactions recognized due to changes in the equity of subsidiaries, when the company has not actually acquired or disposed of subsidiary shares.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit until the reserve equals the Company's paid-in capital; the Company shall set aside or reverse a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The policies for distribution of compensation to employees and remuneration to directors as stipulated in the Company's Articles of Incorporation are disclosed in Note 24(3), "Employees' Compensation and Directors' Remuneration."

The Company's dividends policy is based on the current and future development plans, taking into account of the investment environment, capital needs and domestic and international competition, as well as considering the interests of the shareholders. Resolution on the distribution of dividends to shareholders every year on the basis of not less than 50% of the net profit after tax for the current period; however, the case when the distributable surplus is less than the net profit for the current period is excluded. When the Company distributes dividends to shareholders, it can be in the form of cash or stock, in which cash dividends are not less than 10% of total stock dividends; however, the case when stock dividends are less than \$1 per share is excluded.

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

When the merged company withdraws the special surplus reserve for the net deduction of other equity accumulated in the previous period, if the undistributed surplus in the previous period is insufficient to provide it, it is calculated from the net profit after tax of the current period. Items other than subsequent net profit are included in the amount of undistributed surplus for the current period.

The appropriations of earnings for 2024 and 2023 were proposed by the Board of Directors on March 4, 2025 and approved at the shareholders' meeting on May 29, 2024, respectively, and were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2024	2023
Legal reserve	<u>\$ 31,523</u>	<u>\$ 23,563</u>
Special reserve	<u>(\$31,801)</u>	<u>\$ 59,164</u>
Cash dividends	<u>\$174,240</u>	<u>\$129,737</u>
Cash dividends per share (NT\$)	\$ 2.4	\$ 1.8

The appropriation of earnings for 2025 had been proposed by the Company's board of directors on March 6, 2026. The appropriations and dividends per share were as follows:

	For the Year Ended December 31, 2025
Legal reserve	<u>\$ 26,221</u>
Special reserve	<u>\$ 86,984</u>
Cash dividends	<u>\$159,720</u>
Cash dividends per share (NT\$)	\$ 2.2

Cash dividends of NT\$23,958 thousand were distributed from capital surplus.

The appropriation of earnings for 2025 are subject to the resolution of the shareholders' meeting to be held on May 26, 2026.

d. Special reserve

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ 225,393	\$ 166,229
Appropriation of special surplus reserve		
Other equity items - reduction recognized amount	(31,801)	-
Reversal of special surplus reserve		
Reversal amount of other equity items - reduction	-	59,164
Balance at December 31	<u>\$ 193,592</u>	<u>\$ 225,393</u>

e. Other equity items

1. Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2025	2024
Balance at January 1	(\$ 193,592)	(\$ 225,393)
Exchange differences on translating the financial statements of foreign operations	(108,592)	39,751
Income tax related to losses arising on translating the financial statements of foreign operations	<u>21,718</u>	<u>(7,950)</u>
Balance at December 31	<u>(\$ 280,466)</u>	<u>(\$ 193,592)</u>

2. Unrealized Gains or Losses on Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)

	2025	2024
Beginning balance	\$ -	\$ -
Recognized in the Current Year		
Unrealized Gains or Losses		
Equity Instrument	<u>(110)</u>	<u>-</u>
Other Comprehensive Income for the Year	<u>(110)</u>	<u>-</u>
Ending balance	<u>(\$ 110)</u>	<u>\$ -</u>

f. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at December 31, 2025	<u>-</u>
Number of shares at December 31, 2024	<u>-</u>

On September 2, 2024, the Company's Board of Directors approved the transfer of 524,000 treasury shares to employees at a price of NT\$29.91 per share. The total consideration amounted to \$15,674 thousand, which is equivalent to the repurchase cost of the treasury shares. The record date for the employee stock options was set as September 2, 2024. The Company has recognized compensation expense of \$5,900 thousand on the grant date. On the delivery date in October 2024, the treasury shares were derecognized. For further details, please refer to Note 27.

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

g. Non-controlling interests

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ 41,442	\$ 39,761
Share in profit for the year	1,268	5,876
Increase in non-controlling interests resulting from the acquisition of the subsidiary POLARC CO., LTD. (Note 14).	5,595	-
Exchange differences on translating the financial statements of foreign entities	(726)	327
Refund of Amsalp Shareholder Contributions	-	(2,758)
KaiSheng pays dividends	(2,646)	(1,764)
Balance at December 31	<u>\$ 44,933</u>	<u>\$ 41,442</u>

23. REVENUE

	For the Year Ended December 31	
	2025	2024
Revenue from contracts with customers		
Porcelain sanitary ware	\$ 1,187,430	\$ 1,257,491
Water outlets	564,171	576,393
Electronic automated products	319,727	323,867
Bath cabinet	157,810	177,258
Bathtubs	56,541	63,287
Others	<u>332,616</u>	<u>392,029</u>
	<u>\$ 2,618,295</u>	<u>\$ 2,790,325</u>

Contract balances

	December 31		
	Dec. 31 2025	Dec. 31 2024	Jan. 1 2024
Accounts receivable	<u>\$ 278,014</u>	<u>\$ 336,706</u>	<u>\$ 341,674</u>
Contract liabilities			
Receipts in advance	<u>\$ 6,899</u>	<u>\$ 6,946</u>	<u>\$ 7,934</u>

The contract revenue of customers transferred from contract liabilities in 2025 and 2024 was \$5,637 thousand and \$4,453 thousand, respectively.

24. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations attributable to:

a. Other gains and losses

	For the Year Ended December 31	
	2025	2024
Interest on lease liabilities	\$ 3,253	\$ 3,167
Other financial costs	2,637	2,166
Less: Amount of asset cost included that meets the requirements	<u>(803)</u>	<u>(228)</u>
	<u>\$ 5,087</u>	<u>\$ 5,105</u>

	For the Year Ended December 31	
	2025	2024
Amount of interest capitalized	\$ 803	\$ 228
Interest capitalization rate	2.44%	1.95%

b. Employee benefits expense, depreciation and amortization

	For the Year Ended December 31					
	2025			2024		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits						
Salary expense	\$167,221	\$230,178	\$397,399	\$162,403	\$223,948	\$386,351
Employee insurance expense	20,579	26,549	47,128	20,902	24,567	45,469
Share-based payments						
Equity-settled	-	-	-	1,498	4,402	5,900
Post-employment benefits						
Defined contribution plans	1,827	6,750	8,577	1,750	5,954	7,704
Directors' remuneration	697	12,853	13,550	390	14,585	14,975
Other employee benefits expense	<u>8,247</u>	<u>13,054</u>	<u>21,301</u>	<u>7,969</u>	<u>13,025</u>	<u>20,994</u>
Total employee benefits expense	<u>\$198,571</u>	<u>\$289,384</u>	<u>\$487,955</u>	<u>\$194,912</u>	<u>\$286,481</u>	<u>\$481,393</u>
Depreciation expenses						
Property, plant and equipment	\$ 44,424	\$ 28,496	\$ 72,920	\$ 48,553	\$ 34,520	\$ 83,073
Right-of-use assets	<u>2,099</u>	<u>18,365</u>	<u>20,464</u>	<u>2,247</u>	<u>17,991</u>	<u>20,238</u>
	<u>\$ 46,523</u>	<u>\$ 46,861</u>	<u>\$ 93,384</u>	<u>\$ 50,800</u>	<u>\$ 52,511</u>	<u>\$103,311</u>
Amortization expenses	<u>\$ 461</u>	<u>\$ 4,120</u>	<u>\$ 4,581</u>	<u>\$ 362</u>	<u>\$ 4,306</u>	<u>\$ 4,668</u>

c. Employees' compensation and remuneration of directors and supervisors

The parent company of the consolidated entity accrues employees' compensation at no less than 2% of the pre-tax profit before the distribution of employees' and directors' remuneration, and directors' remuneration at no more than 2%. which were approved at the 2025 shareholders' meeting, to specify that at least 80% of the employee remuneration shall be allocated to rank-and-file employees.

The employees' compensation and remuneration of directors for the years ended December 31, 2025 and 2024, which were approved by the Company's board of directors on March 6, 2026 and March 4, 2025, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2025	2024
Employees' compensation	4.75%	4.75%
Remuneration of directors and supervisors	2%	2%

Amount

	For the Year Ended December 31	
	2025	2024
	Cash	Cash
Employees' compensation	\$ 17,059	\$ 19,905
Remuneration of directors	7,183	8,381

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2024 and 2023.

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

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense are as follows:

	For the Year Ended December 31	
	2025	2024
Current tax		
In respect of the current period	\$ 76,784	\$ 77,672
Income tax on unappropriated earnings	7,021	843
Adjustments for prior periods	<u>3,360</u>	<u>(152)</u>
	87,165	78,363
Deferred tax		
In respect of the current year	2,138	7,472
Foreign withholding tax that cannot be deducted	<u>1,541</u>	<u>1,608</u>
Income tax expense recognized in profit or loss	<u>\$ 90,844</u>	<u>\$ 87,443</u>

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

	For the Year Ended December 31	
	2025	2024
Profit before tax	<u>\$354,322</u>	<u>\$408,552</u>
Income tax expense calculated at the statutory rate	\$ 70,201	\$ 81,304
Nondeductible expenses and losses in determining taxable income	(2,719)	(5,458)
Income tax on unappropriated earnings	7,021	843
Unrecognized temporary differences	11,440	9,298
Foreign withholding tax that cannot be deducted	1,541	1,608
Adjustments for prior years' tax	<u>3,360</u>	<u>(152)</u>
Income tax expense recognized in profit or loss	<u>\$ 90,844</u>	<u>\$ 87,443</u>

In accordance with rule 512/CT-TTHT issued by the Dong Nai Provincial Taxation Bureau of the General Administration of Taxation of the Socialist Republic of Vietnam, when the export volume of products that were in the initial investment categories of Vietnam Caesar Sanitary Wares Joint Stock Company reach 50% or more, they are eligible for a preferential tax rate of 15%. Additional investments are not eligible for the preferential tax rate, and the tax rate of 20% applies.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2025	2024
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	<u>\$ 21,718</u>	<u>(\$ 7,950)</u>

c. Current tax assets and liabilities

	December 31	
	2025	2024
Current tax liabilities	<u>\$ 46,684</u>	<u>\$ 43,370</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2025

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Effect of Exchange Rate Changes	Balance, End of Year
<u>Deferred tax assets</u>					
Temporary differences					
Allowance for bad debts	\$ 1,554	\$ 6,170	\$ -	(\$ 25)	\$ 7,699
Unrealized loss for market price decline and obsolete and slow-moving inventory	5,029	1,699	-	(116)	6,612
Exchange difference on translation of the financial statements of foreign operations	48,398	-	21,718	-	70,116
Unrealized foreign exchange losses	-	995	-	-	995
Unrealized Gross profit	<u>1,436</u>	<u>(1,436)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 56,417</u>	<u>\$ 7,428</u>	<u>\$ 21,718</u>	<u>(\$ 141)</u>	<u>\$ 85,422</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Investment income recognized using equity method (foreign investment)	\$ 186,375	\$ 9,511	\$ -	\$ -	\$ 195,886
Unrealized foreign exchange gains	<u>204</u>	<u>55</u>	<u>-</u>	<u>-</u>	<u>259</u>
	<u>\$ 186,579</u>	<u>\$ 9,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,145</u>

For the year ended December 31, 2024

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Effect of Exchange Rate Changes	Balance, End of Year
<u>Deferred tax assets</u>					
Temporary differences					
Allowance for bad debts	\$ 1,012	\$ 536	\$ -	\$ 6	\$ 1,554
Unrealized loss for market price decline and obsolete and slow-moving inventory	6,466	(1,510)	-	73	5,029
Exchange difference on translation of the financial statements of foreign operations	56,348	-	(7,950)	-	48,398
Amortization of prepaid rents	379	(379)	-	-	-
Unrealized foreign exchange losses	<u>1,374</u>	<u>62</u>	<u>-</u>	<u>-</u>	<u>1,436</u>
Others	<u>\$ 65,579</u>	<u>(\$ 1,291)</u>	<u>(\$ 7,950)</u>	<u>\$ 79</u>	<u>\$ 56,417</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Investment income recognized using equity method (foreign investment)	<u>20</u>	<u>184</u>	<u>-</u>	<u>-</u>	<u>204</u>
Unrealized foreign exchange gains	<u>\$ 180,398</u>	<u>\$ 6,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,579</u>

- e. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Deductible temporary differences	<u>\$ 6,237</u>	<u>\$ 6,698</u>

- f. Income tax assessment

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

26. EARNINGS PER SHARE

a. Basic earnings per share

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

	For the Year Ended December 31	
	2025	2024
Net profit for the year	<u>\$262,210</u>	<u>\$315,233</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share (in thousands of shares)	<u>72,600</u>	<u>72,216</u>
Basic earnings per share (NT\$)	<u>\$ 3.61</u>	<u>\$ 4.37</u>

b. Diluted earnings per share

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

	For the Year Ended December 31	
	2025	2024
Net profit attributable to owners of the Company	<u>\$262,210</u>	<u>\$315,233</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	72,600	72,216
Effect of potentially dilutive ordinary shares (in thousands of shares)		
Employees' compensation or bonuses issued to employees (in thousands of shares)	<u>513</u>	<u>544</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share (in thousands of shares)	<u>73,113</u>	<u>72,760</u>
Diluted earnings per share (in NT\$)	<u>\$ 3.59</u>	<u>\$ 4.33</u>

The weighted average number of shares outstanding for the consolidated entity in 2023 is 72,076 thousand shares, calculated by deducting 524 thousand treasury shares from the total issued and fully paid shares of 72,600 thousand. The Board of Directors of the consolidated entity resolved on September 2, 2024, to transfer 524 thousand treasury shares to employees, with the treasury shares being derecognized on the date the shares are delivered to employees in October 2024. For further details, please refer to Note 27.

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed that the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive.

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

27.SHARE-BASED PAYMENT AGREEMENT

On September 2, 2024, the Board of Directors of the Company resolved, in accordance with the 'First Share Repurchase and Transfer to Employees Policy,' to transfer 524 thousand treasury shares to employees at a price of \$29.91 per share. The recipients include employees of the Company who meet specific conditions. The shares will be delivered on October 9, 2024. The compensation cost recognized from September 2 to September 23, 2024, amounts to \$5,900 thousand (recorded as salary expenses), with a corresponding adjustment to capital surplus. For further details, please refer to Notes 22(2) and (6).

In September 2024, the Company granted stock options to employees using the Black-Scholes pricing model. The input values used in the pricing model are as follows:

	September 2024
Stock price on the grant date	\$ 41.15
Exercise price	\$ 29.91
Expected volatility	16%
Term (or Duration)	0.06 年
Expected dividend yield	0%
Risk-free interest rate	1.18%

The expected volatility is based on the historical stock price volatility over the past year.

28. CAPITAL MANAGEMENT

The Group is currently in a stable phase of business, and manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Group adopts a prudent risk management strategy and regularly reviews it. The Group also makes an overall plan based on business development strategies and operating needs to determine the appropriate capital structure.

29. FINANCIAL INSTRUMENTS

a. Fair value information

1) Financial instruments not measured at fair value

The Group believes that the carrying amount of financial assets and financial liabilities that are not measured at fair value will be close to their fair values.

2) Financial instruments measured at fair value

Fair value hierarchy

December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Investments in equity instruments				
Domestic OTC stocks	<u>\$ 37,657</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,657</u>
Financial assets measured at fair value through other comprehensive income – Non-current				
Equity instrument investments – Emerging stock market shares	\$ -	\$ 29,000	\$ -	\$ 29,000
Debt instrument investments – Overseas corporate bonds	<u>-</u>	<u>\$ 6,316</u>	<u>\$ -</u>	<u>\$ 6,316</u>
	<u>\$ -</u>	<u>\$ 35,316</u>	<u>\$ -</u>	<u>\$ 35,316</u>

December 31, 2024:

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Investments in equity instruments				
Domestic OTC stocks	<u>\$ 36,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,461</u>

There were no transfers between Level 1 and 2 for the years ended December 31, 2025 and 2024.

3) Valuation Techniques and Inputs for Level 2 Fair Value Measurements

Category of Financial Instruments	Valuation Techniques and Inputs
Emerging Stock Market Shares (Non-active market)	Market Approach: The value of the target is determined based on the transaction prices and corresponding valuation multiples of shares of companies in the same industry with similar operational and financial conditions that are traded in active markets.
Overseas Corporate Bonds	Market quotations provided by third-party institutions are used for measurement.

b. Categories of financial instruments

	December 31	
	2025	2024
<u>Financial assets</u>		
FVTPL		
FVTPL	\$ 37,657	\$ 36,461
Financial assets at amortized cost		
Cash and cash equivalents	377,278	251,893
Financial assets at amortized cost - current	257,935	191,550
Notes receivable, net	21,864	41,941
Accounts receivable, net	276,272	332,066
Accounts receivable from related parties	1,742	4,460
Other receivables	10,726	5,180
Other receivables from related parties	8	5
Refundable deposits	7,931	6,973
Financial assets measured at fair value through other comprehensive income		
Equity instrument investments – Non-current	29,000	-
Debt instrument investments – Non-current	6,316	-
<u>Financial liabilities</u>		
Amortized cost		
Short-term borrowings	\$ 90,000	\$ 750
Accounts payable	86,394	75,408
Other payables	127,270	132,282
Long-term liabilities - current portion	598	17,667
Long-term borrowings	986	18,000

c. Financial risk management objectives and policies

The Group is committed to ensuring that they have sufficient and cost-effective working capital needed for operations. The Group prudently manages market risks (including foreign currency exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk related to operating activities, in order to mitigate the potential adverse impact of market uncertainty on the Group's financial position.

1) Market risk

a) Foreign currency risk

The Group mainly focuses on the domestic market. Both foreign sales and purchases are quoted in foreign currencies. The Group adopts a natural hedge method that offsets foreign currency revenues and expenditures, resulting in relatively small foreign currency net positions. Therefore, fluctuations in exchange rates have not significantly affected the financial position of the Group.

In addition, the Group continues to pay attention to exchange rate fluctuations in order to reduce the impact of exchange rate fluctuations on the Group.

For the carrying amounts of the Group's monetary assets and monetary liabilities denominated in foreign currencies at the balance sheet date, please refer to Note 33.

The sensitivity analysis of foreign currency exchange rate risk is mainly calculated for foreign currency monetary items at the end of the financial reporting period. When the NTD depreciates/appreciates by 5% against the USD, the Group's profit before income tax for 2025 and 2024 will reduce by \$4,167 thousand and \$4,955 thousand, respectively.

b) Interest rate risk

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

	December 31	
	2025	2024
Fair value interest rate risk		
Financial assets	\$ 264,221	\$ 200,300
Financial liabilities	77,197	72,384
Cash flow interest rate risk		
Financial assets	363,208	235,993
Financial liabilities	91,584	36,417

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 0.25% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates increase/decrease by 0.25%, with all other variables held constant, the consolidated entity's profit before tax for the years 2025 and 2024 would increase/decrease by \$679 thousand and \$499 thousand, respectively, primarily due to the interest rate exposure arising from the fluctuations in interest rates on the Group's floating-rate bank deposits and bank borrowings.

c) Other price risk

The group's equity price risk arises from the investments in FVTPL (domestic OTC stocks).

Sensitivity analysis

The following sensitivity analysis was determined based on the exposure to equity price risk at the end of the reporting period.

If the equity price increases/decreases by 0.5%, profit before taxes will increase/decrease by \$188 thousands and \$182 thousand, respectively, due to changes in the fair value of financial assets measured at fair value through profit or loss.

If equity prices had increased/decreased by 0.5%, other comprehensive income before tax for 2025 would have increased/decreased by NT\$177 thousand as a result of changes in the fair value of financial assets measured at fair value through other comprehensive income.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to mitigate credit risk and maintain the quality of receivables, the Group has established procedures for managing credit risk related to operations. In addition, the Group appropriately uses certain credit enhancement tools, such as advance payment terms and obtaining deposits to mitigate customer credit risk. In addition, the Group reviews the recoverable amount of receivables one by one on the balance sheet date to ensure that receivables that cannot be recovered are properly accounted for impairment losses.

In 2025 and 2024, except for Company A, the Group's credit risk concentration of other customers does not exceed 10% of the total receivables. These companies have long-term cooperation and the repayment situation is good, so the relevant credit risk is low.

In addition, since the counterparties of working capital are all creditworthy financial institutions, the credit risk is low and no significant credit risk is expected.

3) Liquidity risk

The consolidated entity manages liquidity risk by monitoring and maintaining an adequate level of cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The management of the consolidated

entity oversees the utilization of bank financing and ensures compliance with loan covenants. The consolidated entity ensures sufficient funding and bank facilities to meet its contractual obligations. As the working capital of the consolidated entity is sufficient to cover its obligations, there is no liquidity risk arising from the inability to raise funds to fulfill its contractual duties.

As of December 31, 2025 and 2024, the unutilized loan commitments amounted to \$894,136 thousand and \$1,094,534 thousand, respectively.

The following table is based on the earliest possible repayment period of the Group and is based on the undiscounted cash flows of financial liabilities, including interest and principal cash flows. The Group's working capital is sufficient to cope with the repayments.

December 31, 2025

	<u>Up to 1 Year</u>	<u>Later Than 1 Year and Up to 2 Years</u>	<u>Later Than 2 Years and Up to 3 Years</u>	<u>Over 3 Years</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
Accounts payable	86,394	-	-	-	86,394
Other payables	127,270	-	-	-	127,270
Current tax liabilities	46,684	-	-	-	46,684
Lease liabilities - current	16,542	-	-	-	16,542
Long-term liabilities -current portion	598	-	-	-	598
Other current liabilities	5,445	-	-	-	5,445
Long-term borrowings	-	645	401	-	1,046
Lease liabilities - non-current	-	15,571	11,908	52,855	80,334

December 31, 2024

	<u>Up to 1 Year</u>	<u>Later Than 1 Year and Up to 2 Years</u>	<u>Later Than 2 Years and Up to 3 Years</u>	<u>Over 3 Years</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 750	\$ -	\$ -	\$ -	\$ 750
Accounts payable	75,408	-	-	-	75,408
Other payables	132,282	-	-	-	132,282
Current tax liabilities	43,370	-	-	-	43,370
Lease liabilities - current	15,214	-	-	-	15,214
Long-term liabilities -current portion	17,667	-	-	-	17,667
Other current liabilities	6,721	-	-	-	6,721
Long-term borrowings	-	12,437	5,871	-	18,308
Lease liabilities - non-current	-	14,333	10,484	60,516	85,333

30. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiary, which is a related party of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Jiada Hang Ltd.	Related party in substance - the chairman of which is the spouse of the second-degree relative of the chairman of the Company
S-Kai Precision Co., Ltd.	Substantive related party – the person in charge of the entity is the same individual as the representative of the Company’s corporate director.
Guanyi Investment Co., Ltd.	Substantive related party – the person in charge of the entity is the same individual as the representative of the Company’s corporate director.
LU, REN-JIE	Chairman of the Board of Directors of Amsalp Biomedical Corporation, a subsidiary

b. Operating revenue

<u>Line Items</u>	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
		<u>2025</u>	<u>2024</u>
Sales	Related party in substance		
	Jiada Hang Ltd.	<u>\$ 37,412</u>	<u>\$ 49,796</u>
	S-Kai Precision Co., Ltd.	<u>\$ 6</u>	<u>\$ -</u>
	Guanyi Investment Co., Ltd.	<u>\$ 10</u>	<u>\$ -</u>

The terms of the purchase and sale transactions between the Group and its related parties are not significantly different from that of non-related parties.

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

<u>Line Items</u>	<u>Related Party Category/Name</u>	<u>December 31</u>	
		<u>2025</u>	<u>2024</u>
Accounts receivable	Related party in substance		
	Jiada Hang Ltd.	<u>\$ 1,742</u>	<u>\$ 4,640</u>

d. Other receivables

Line Items	Related Party Category/Name	December 31	
		2025	2024
Other receivables	Related party in substance Jiada Hang Ltd.	\$ <u>8</u>	\$ <u>5</u>

e. Compensation of key management personnel

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits	\$ 29,724	\$ 30,108
Post-employment benefits	606	540
Share-based payment	-	417
	<u>\$ 30,330</u>	<u>\$ 31,065</u>

The remuneration of directors and other key managers is determined by the remuneration committee based on individual performance and market trends.

31. ASSETS PLEDGED AS COLLATERAL

- a. The following assets were provided as collateral for bank borrowings or as credit guarantee:

	December 31	
	2025	2024
Property, plant and equipment - land	\$ 61,652	\$ 61,652
Property, plant and equipment - buildings	<u>31,255</u>	<u>32,149</u>
	<u>\$ 92,907</u>	<u>\$ 93,801</u>

- b. As of December 31, 2025 and 2024, in addition to the collateral mentioned above, Vietnam Caesar Sanitary Wares Joint Stock Company provided a credit guarantee of inventory not less than US\$1,500 thousand to Shiyue Bank as collateral for borrowings from the bank.

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. Significant commitments

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

As of December 31, 2025, Vietnam Caesar Sanitary Wares Joint Stock Company has signed machinery and equipment procurement or engineering contracts with various manufacturers. The total price and related taxes are VND\$4,535,000 thousand (equivalent to NT\$5,723 thousand). The amounts paid are VND\$2,136,000 thousand (equivalent to NT\$2,460 thousand), which are listed under prepayments for equipment and construction in progress, respectively, according to their nature.

On August 12, 2024, the Board of Directors of Caesar Bathroom Co., Ltd., a consolidated entity, resolved to enter into a pre-sale factory and office contract with Hsin-Chuan Construction Co., Ltd. in response to operational needs and future business development and planning. The project is located at 57 Zhongxing Section, Sanchong District, New Taipei City, covering 26 land parcels with a total land area of 109.29 ping and a building area of 517.58 ping. The project includes 17 underground parking spaces with a total area of 165.58 ping. The total price is approximately \$308,000 thousand, with payments to be made in 19 installments, and the expected completion date is October 2028. As of now, the Group has paid the first through fifth installments totaling NT\$43,295 thousand, which are classified as prepayments for equipment.

b. Other Matters

On February 15, 2023, the President promulgated the amended Climate Change Response Act, which included the imposition of a carbon fee. Subsequently, on August 29, 2024, the Ministry of Environment announced the 'Carbon Fee Collection Regulations,' the 'Self-Reduction Program Management Regulations,' and the 'Targeted Greenhouse Gas Reduction Goals for Carbon Fee Payees,' and announced the carbon fee rates in October 2024, effective from January 1, 2025. Based on the Company's emission assessment for the year 2025, it is expected that the Company will not meet the criteria for carbon fee payees.

33 SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	December 31					
	2025			2024		
	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>						
Monetary items						
USD	\$ 3,707	31.46	\$ 116,622	\$ 3,815	32.785	\$ 125,089
<u>Financial liabilities</u>						
Monetary items						
USD	1,058	31.46	33,285	793	32.785	25,994

34. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Lending to others: (Table 1)

2) Endorsement for other parties: (Table 2)

3) Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures): (Table 3)

4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (Table 4)

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

6) Others: Intercompany relationships and significant intercompany transactions: (Table 5)

b. Information on investees: (Table 6)

c. Information on investments in mainland China: None.

35. SEGMENT INFORMATION

The Group is an independent operating segment. Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The reportable segments of the Group are as follows:

Financial information by region

The Group's business units are divided into two reportable segments: Taiwan sanitary porcelain segment and Vietnam sanitary porcelain segment, which were mainly engaged in the design, manufacturing and trading of sanitary porcelain and water outlets products. The two reportable segments are treated separately because they have their own independent strategies.

The Group does not allocate income tax expense (benefit) or extraordinary gain or loss to reportable segments. In addition, not all reportable segments' profit include significant non-cash items other than depreciation and amortization.

The accounting policies of each operating segment are the same as the summary of significant accounting policies described in Note 4. The Group's operating profit and loss in the sector is measured on a pre-tax basis (excluding extraordinary gain or loss) and is used as the basis for evaluating performance.

The Group considers intersegment sales and transfers as transactions with third parties, which are measured at the current market.

Operating segment financial information was as follows:

	Taiwan	Overseas Countries	Adjustment and Write-off	Total
<u>For the Year Ended December 31, 2025</u>				
Revenue				
Revenue from external customers	\$ 1,899,433	\$ 718,862	\$ -	\$ 2,618,295
Intersegment revenue	<u>157,771</u>	<u>438,475</u>	<u>(596,246)</u>	<u>-</u>
Total	<u>\$ 2,057,204</u>	<u>\$ 1,157,337</u>	<u>(\$ 596,246)</u>	<u>\$ 2,618,295</u>
Segment income	<u>\$ 344,300</u>	<u>\$ 67,221</u>	<u>(\$ 57,199)</u>	<u>\$ 354,322</u>
Total segment assets	<u>\$ 2,814,174</u>	<u>\$ 1,478,593</u>	<u>(\$ 1,363,421)</u>	<u>\$ 2,929,346</u>
Total segment liabilities	<u>\$ 501,568</u>	<u>\$ 147,524</u>	<u>(\$ 11,375)</u>	<u>\$ 637,717</u>
<u>For the Year Ended December 31, 2024</u>				
Revenue				
Revenue from external customers	\$ 2,117,274	\$ 673,051	\$ -	\$ 2,790,325
Intersegment revenue	<u>187,209</u>	<u>537,355</u>	<u>(724,564)</u>	<u>-</u>
Total	<u>\$ 2,304,483</u>	<u>\$ 1,210,406</u>	<u>(\$ 724,564)</u>	<u>\$ 2,790,325</u>
Segment income	<u>\$ 407,492</u>	<u>\$ 49,762</u>	<u>(\$ 48,702)</u>	<u>\$ 408,552</u>
Total segment assets	<u>\$ 2,757,012</u>	<u>\$ 1,523,016</u>	<u>(\$ 1,431,740)</u>	<u>\$ 2,848,288</u>
Total segment liabilities	<u>\$ 446,680</u>	<u>\$ 140,484</u>	<u>(\$ 26,726)</u>	<u>\$ 560,438</u>

Information of Major Customers

Single customers contributing 10% or more to the Group's revenue:

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Customer A	<u>\$487,244</u>	<u>\$521,459</u>

TABLE 1**SANITAR CO., LTD. AND SUBSIDIARIES**

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Company providing the loan	Counterparty	Account	Related party (Y/N)	Maximum balance for the period	Ending balance	Amount actually drawn	Interest rate range	Nature of financing	Amount of business transactions	Reasons for short-term financing	Allowance for doubtful accounts	Name of collateral	Value of collateral	Financing limit for each counterparty	Total financing limit	Note
1	Sanitar Co., Ltd.	POLARC CO., LTD	Other receivables —related parties	Y	\$ 7,683	\$ -	\$ -	2.15%	2	\$ -	Operating turnover	\$ -	N	\$ -	\$ 11,836	\$ 898,678	Note

SANITAR CO., LTD. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
1	Sanitar Co., Ltd.	Polarc co., LTD	Investee accounted for using the equity method	\$ 449,339	\$ 22,001	\$ 22,001	\$ 1,633	\$ -	0.98	\$ 898,678	Y	N	N	Note

Note: The endorsement/guarantee limit is based on the endorsement/guarantee procedures approved by the shareholders' meeting and stipulated by the Bureau of Securities and Futures of the Financial Supervisory Commission, Executive Yuan on December 18, 2002, by Order no.(91)-Tai-tsai-zhen-(6)-0910161919. The total amount of the Company's endorsement and guarantee shall not exceed 40% of the Company's net worth and the amount of endorsement and guarantee for subsidiaries directly holding more than 50% of the common stock shall not exceed 20% of the Company's net worth for the period.

SANITAR CO., LTD. AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	DECEMBER 31, 2025				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair value	
Sanitar Co., Ltd.	Ordinary shares							
	Golden Long Teng Development Co., Ltd.	None.	Financial assets at FVTPL - current	251,000	\$ 7,568	0.13%	\$ 7,568	
	Sunplus Innovation Technology Co., Ltd.	None.	Financial assets at FVTPL – current	6,160	690	0.01%	690	
	Ruentex Engineering & Construction Co., Ltd	None.	Financial assets at FVTPL – current	7,000	208	-	208	
	Chicony Electronics Co., Ltd.	None.	Financial assets at FVTPL - current	50,000	5,850	0.01%	5,850	
	InnoLux Electronics Co., Ltd.	None.	Financial assets at FVTPL – current	10,000	7,210	-	7,210	
	Lotus Pharmaceutical Co.,Ltd	None.	Financial assets at FVTPL - current	57,000	<u>16,131</u>	0.02%	<u>16,131</u>	
					<u>\$ 37,657</u>		<u>\$ 37,657</u>	
	TLW Co., Ltd.	None.	Financial assets measured at fair value through other comprehensive income – Non-current	500,000	\$ 29,000	0.52%	\$ 29,000	
Overseas corporate bonds								
KOREA HYDRO & NUCLEAR POWER CO., LTD. Issue of US\$500,000,000 Floating Rate Notes due 2030	None.	Financial assets measured at fair value through other comprehensive income – Non-current	200,000	<u>6,316</u>	-	<u>6,316</u>		
					<u>\$ 35,316</u>		<u>\$ 35,316</u>	

Note 1: The term “marketable securities” as used in this table refers to equity securities, bonds, beneficiary certificates, and securities derived from the aforementioned items that fall within the scope of IFRS 9 “Financial Instruments.”

Note 2: If the issuer of the marketable securities is not a related party, this column may be left blank.

Note 3: For those measured at fair value, the carrying amount in column (B) shall be the amount after fair value adjustment. For those not measured at fair value, the carrying amount in column (B) shall be the balance of original acquisition cost or amortized cost less accumulated impairment losses.

Note 4: If any of the listed marketable securities are restricted in use due to being provided as collateral, pledged for loans, or otherwise subject to contractual restrictions, the number of shares pledged, the amount secured, and the status of such restrictions shall be disclosed in the remarks column.

Note 5: This table includes marketable securities that the Company determines to be disclosed based on the materiality principle.

Note 6: For information related to investments in subsidiaries, associates, and joint ventures, please refer to Schedule 5.

SANITAR CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit price	Payment Terms	Ending Balance	% to Total	
Sanitar Co., Ltd.	Vietnam Caesar Sanitary Wares Joint Stock Company	Investee accounted for using the equity method	Purchase	\$429,461	31.47	Payment within 30 days after shipment, adjusted according to funding needs	Consider the market price and gross profit of the commodity market, in accordance with mutual agreements	Payment within 30 days after shipment, adjusted according to funding needs	Accounts payable \$ 1,375	1.59%	Note 1,2
Sanitar Co., Ltd.	Kaisheng Sanitary Ware Co., Ltd.	Investee accounted for using the equity method	Sale	142,360	5.44%	Payment within 30 days after shipment, adjusted according to funding needs	Consider the market price and gross profit of the commodity market, in accordance with mutual agreements	Payment within 30 days after shipment, adjusted according to funding needs	Accounts receivable \$ 10,135	3.38%	Note 1

Note 1: The related party transactions between subsidiaries have been eliminated.

Note 2: In accordance with mutual agreements, the Company purchases raw materials on behalf of Vietnam Caesar Sanitary Wares Joint Stock Company. The amount of raw materials purchased was \$35,640 thousand during the period.

SANITAR CO., LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Conditions of Transactions			% of Total Sales or Assets (Note 3)
				Financial Statement Accounts	Amount	Payment Terms	
0	Sanitar Co., Ltd.	Vietnam Caesar Sanitary Wares Joint Stock Company	1	Other operating revenue	\$ 15,411	Payment within 2 months after the end of each quarter, adjusted according to funding needs.	0.59%
			1	Other receivables - related parties	3,238		-
			1	Purchases	429,461	The purchase price was considered the market price and gross profit of the commodity market, in accordance with mutual agreements. Payment within 30 days after shipment, adjusted according to funding needs.	16.40%
			1	Accounts payable – related parties	1,375		-
		KaiSheng Sanitary Ware Co., Ltd.	1	Sales	142,360	The selling price was considered the market price and gross profit of the commodity market, in accordance with mutual agreements. Payment within 30 days after shipment, adjusted according to funding needs.	5.44%
			1	Accounts receivable - related parties	10,135		-
			1	Other receivables - related parties	114	-	-

Note 1: Companies are numbered as follows:
a. The parent is numbered as “0.”
b. Subsidiaries are numbered from “1” onward.

Note 2: The flow of transactions is as follows:
a. From the parent to the subsidiary.
b. From the subsidiary to the parent.
c. From the subsidiary to the subsidiary.

Note 3: If the transaction amounts are related to the balance sheet accounts, the percentages are those of the year-end balances to the consolidated total assets. If the transaction amounts are related to the income statement accounts, the percentages are the total amounts of the year to the consolidated total sales.

Note 4: Significant conditions of transactions in this table may be presented at the company's discretion based on the principle of materiality.

Note 5: In accordance with mutual agreements, the Company purchases raw materials on behalf of Vietnam Caesar Sanitary Wares Joint Stock Company. The amount of raw materials purchased was \$35,640 thousand during the period.

TABLE 6**SANITAR CO., LTD. AND SUBSIDIARIES****INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2025	December 31, 2024	Number of Shares (In Thousands)	% (Note 3)	Carrying Amount			
Sanitar Co., Ltd.	Vietnam Caesar Sanitary Wares Joint Stock Company	Vietnam	Manufacture and sale of bathroom fixtures and copper water supply equipment	\$ 665,303	\$ 665,303	41,878	100	\$ 1,303,062	\$ 56,034	\$ 50,154	Notes 1, 2 and 3
Sanitar Co., Ltd.	Kaisheng Sanitary Ware Co., Ltd.	Taiwan	Sale of bathroom fixtures and copper water supply equipment	18,360	18,360	1,836	51	28,642	7,386	3,767	Note 2
Sanitar Co., Ltd.	Polarc co., LTD	Vietnam	Manufacture and sale of paint products	26,401	15,990	-	57.33	16,964	(4,954)	(2,602)	Note 2

Note 1: The difference between the current profit and loss of Vietnam Caesar Sanitary Wares Co., Ltd. and the recognition of investment income of Sanitar Co., Ltd. is the net change of unrealized profits of upstream sales of \$5,880 thousand.

Note 2: The investment gains and losses between the merged individuals have been reversed.

Note 3: The ending holding ratio is 99.9993%.