

Sanitar Co., Ltd.

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

(Translation Edition)

Address: 7F., No. 111-8, Xingde Rd., Sanchong
Dist., New Taipei City

Tel: (02)85123712

§TABLE OF CONTENTS§

<u>ITEM</u>	<u>PAGE</u>	<u>NUMBER OF NOTE TO THE FINANCIAL STATEMENTS</u>
I. Cover Page	1	-
II. Table of Contents	2	-
III. Accountant's Audit Report	3~7	-
IV. Parent Company Only Statement of Financial Position	8	-
V. Parent Company Only Statement of Comprehensive Income	9~10	-
VI. Parent Company Only Statement of Changes in Equity	11	-
VII. Parent Company Only Statement of Cash Flows	12~13	-
VIII. Parent Company Only Notes to the Financial Statements		
(1) Company history	14	1
(2) The date when the financial reports were authorized for issuance and the process involved	14	2
(3) Applicability of new issuing & revised standards and interpretation	14~18	3
(4) Summary and explanation of material accounting policies	18~34	4
(5) Primary sources of uncertainty in major accounting judgments, estimates, and assumptions	34	5
(6) Descriptions of Material Accounting Items	34~61	6~28
(7) Related-Party Transactions	61~64	29
(8) Pledged Assets	64	30
(9) Significant contingent liabilities and unrecognized contractual commitments	64~65	31
(10) Other	65	32
(11) Supplementary Disclosures		
1. Information on Significant Transactions	65~66	33
2. Information on Investment Business	66	33
3. Information of investment from Mainland China	66	33
(12) Operating Segments	-	-
IX. Tables of Significant Accounting Items	67~90	-

Accountant's Audit Report

To Sanitar Co., Ltd.:

Audit opinion

I have audited the financial statements of Sanitar Co., Ltd., which comprise the Parent Company Only Statements of Financial Position as of Dec. 31, 2025 and Dec. 31, 2024, the Parent Company Only Statement of Comprehensive Income from Jan. 1 to Dec. 31, 2025 and from Jan. 1 to Dec. 31, 2024, Parent Company Only Statement of Change in Equity, Parent Company Only Statement of Cash Flows, and Parent Company Only Financial Statement Notes (including a summary of significant accounting policies).

In my opinion, the accompanying Parent Company Only Financial Statements are properly drawn up in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers so as to give a true and fair view of the Parent Company Only Financial Position of the Sanitar Co., Ltd. as of December 31, 2025 and 2024, and the Parent Company Only Financial Performance and Cash Flows of Sanitar Co., Ltd. from January 1 to December 31, 2025 and 2024.

Basis for audit opinion

I conducted my audit in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. My responsibilities under those standards are further described in the 'Accountant's responsibilities for the audit of the Parent Company Only Financial Statements' section of my report. I am independent of Sanitar Co., Ltd. in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matter

The key auditing matter is which that, in my professional judgment, is most significant to my review of the Parent Company Only Financial Statements of

Sanitar Co., Ltd. for 2025. Such matter has been considered in the process of examining the Parent Company Only Financial Statements taken as a whole and forming an opinion thereon, and I do not express an opinion on the matter individually.

The following is the description of the key audit matter in the Parent Company Only Financial Statements of Sanitar Co., Ltd. for 2025:

Key Audit Matter: Authenticity in Sales to Specific Customers

Due to the significant audit risk associated with the revenue recognition under auditing standards, Sanitar Co., Ltd. are mainly dealing with distributors and have added significant sales from specific non-distributor customers, therefore, based on the consideration of the materiality of the financial statements, the authenticity in sales revenue from specific customers with high order amounts and significant new sales in the current year is considered as a key audit matter. Please refer to Notes 4 (13) and 22 to the Parent Company Only Financial Statements.

In connection with the above key matter, I conducted the following principal audit procedures:

1. To understand, evaluate and test the effectiveness of the design and implementation of the internal control system related to revenue recognition.
2. To obtain a detailed sales breakdown from specific customers in fiscal 2025, verify the original orders, delivery notes, invoices and other related documents of the relevant transactions, and verify with the recorded amounts to confirm the authenticity of the revenues.
3. To obtain a breakdown of subsequent sales returns from specific customers, verify the related documents and examine the reasonableness of the returns.

Responsibilities of management and directors for the Parent Company Only Financial Statements

Management is responsible for the preparation of Parent Company Only Financial Statements that give a true and fair view in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition.

In preparing the Parent Company Only Financial Statements, management is responsible for assessing the ability of Sanitar Co., Ltd. to continue as 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. or to cease operations, or has no realistic alternative, but to do so.

The responsibilities of the governing body (including Audit Committee) include overseeing the financial reporting process of Sanitar Co., Ltd.

Auditors' responsibilities for the audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with GAAS, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

1. Identify and assess the risks of material misstatement of the Parent Company Only Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
2. Obtain an understanding of internal controls 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 internal control effectiveness of Sanitar Co., Ltd.

3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Sanitar Co., Ltd. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Parent Company Only Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Sanitar Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the Parent Company Only Financial Statements (including the relevant notes), and whether the Parent Company Only Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. I have obtained sufficient and appropriate evidence to audit the Parent Company Only Financial Information of Sanitar Co., Ltd. to express an opinion on the Parent Company Only Financial Statements. I am responsible for the guidance, supervision and execution of the audit and for forming an audit opinion on Sanitar Co., Ltd.

I communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal controls that we identify during our audit).

I have also provided the governing body with a statement that the independence-regulated personnel of the firm to which I am affiliated have complied with the Code of Ethics for Professional Accountants with respect to independence, and communicate with the governing body about all relationships and other matters (including related protective measures) that may be considered to affect the accountant's independence.

I have determined the key audit matter for the audit of the Parent Company Only Financial Statements of Sanitar Co., Ltd. for the year ended December 31, 2025 from the communications I have had with the governing body. I identified such matter in my auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, I decided not to communicate those matters in my auditor's report because I reasonably could expect the negative effect of such communication to outweigh the public interest.

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.

Parent Company Only Statement of Financial Position

As of Dec. 31, 2025 and Dec. 31, 2024

Unit: NT\$ thousands

Code	Assets	Dec. 31, 2025		Dec. 31, 2024	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4, 6 and 28)	\$ 242,866	9	\$ 104,925	4
1110	Financial asset at fair value through profit or loss-current(Notes 4, 7 and 28)	37,657	1	36,461	1
1150	Notes receivable, net (Notes 4, 10 and 28)	16,449	1	38,433	1
1170	Net value of accounts receivable (Notes 4, 10, 22 and 28)	188,901	7	238,341	9
1180	Accounts receivable—Related parties, net (Notes 4, 10, 22, 28 and 29)	11,877	1	21,921	1
1200	Other receivables (Notes 4 and 28)	1,274	-	181	-
1210	Other receivables—related parties (Notes 4, 28 and 29)	3,360	-	5,798	-
130X	Inventory (Notes 4 and 11)	263,671	10	281,305	11
1419	Other prepaid expenses	3,632	-	1,942	-
1421	Prepayments(Note 29)	9,747	-	13,105	1
1460	Non-current assets held for sale(Notes 4 and 12)	-	-	-	-
1479	Other current assets—Other (Note 17)	15	-	1,432	-
11XX	Total current assets	<u>779,449</u>	<u>29</u>	<u>743,844</u>	<u>28</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income – non-current (Notes 4 ,8,9and 28)	35,316	1	-	-
1550	Investment accounted for using the equity method (Notes 4 and 13)	1,348,668	50	1,396,773	53
1600	Property, plant and equipment (Notes 4, 14 and 30)	392,397	14	401,465	15
1755	Right-of-use assets (Notes 4 and 15)	39,049	1	24,832	1
1780	Intangible assets (Notes 4 and 16)	3,351	-	3,183	-
1840	Deferred income tax assets (Notes 4 and 24)	82,975	3	54,564	2
1915	prepayments for equipment (Note 31)	43,295	2	36,384	1
1920	Refundable deposits	2,977	-	3,245	-
15XX	Total non-current assets	<u>1,948,028</u>	<u>71</u>	<u>1,920,446</u>	<u>72</u>
1XXX	Total assets	<u>\$ 2,727,477</u>	<u>100</u>	<u>\$ 2,664,290</u>	<u>100</u>
	Liabilities and Equity				
	Current liabilities				
2100	Short-term loans (Notes 18 and 28)	\$ 90,000	3	\$ -	-
2130	Contract liabilities - current (Notes 4 and 22)	4,195	-	3,367	-
2170	Accounts payable (Notes 19 and 28)	40,450	2	45,095	2
2180	Accounts payable—related parties (Notes 19, 28 and 29)	1,375	-	5,494	-
2200	Other payables (Notes 20 and 28)	69,870	3	74,418	3
2230	Current income tax liabilities (Notes 4, 24 and 28)	34,563	1	37,071	1
2280	Lease liabilities - current (Notes 4, 15 and 28)	11,136	1	6,787	-
2320	Long-term liabilities-current portion (Notes 18 and 28)	-	-	17,667	1
2399	Other current liabilities—other (Note 28)	4,199	-	5,044	-
21XX	Total current liabilities	<u>255,788</u>	<u>10</u>	<u>194,943</u>	<u>7</u>
	Non-current liabilities				
2540	Long-term loans (Notes 18 and 28)	-	-	18,000	1
2570	Deferred income tax liabilities (Notes 4 and 24)	196,125	7	186,559	7
2580	Lease liabilities - non-current (Notes 4, 15 and 28)	28,868	1	18,380	1
25XX	Non-Total current liabilities	<u>224,993</u>	<u>8</u>	<u>222,939</u>	<u>9</u>
2XXX	Total liabilities	<u>480,781</u>	<u>18</u>	<u>417,882</u>	<u>16</u>
	Equity (Notes 4, 21 and 24)				
	Share capital				
3110	Common shares	726,000	26	726,000	27
3200	Additional paid-in capital	282,857	10	283,555	10
	Retained earnings				
3310	Legal reserve	348,753	13	317,230	12
3320	Special reserve	193,592	7	225,393	9
3350	Unappropriated retained earnings	976,070	36	887,822	33
3300	Total retained earnings	<u>1,518,415</u>	<u>56</u>	<u>1,430,445</u>	<u>54</u>
3400	Other equity	(280,576)	(10)	(193,592)	(7)
3500	Treasury shares	-	-	-	-
3XXX	Total equity	<u>2,246,696</u>	<u>82</u>	<u>2,246,408</u>	<u>84</u>
	Total liabilities and equity	<u>\$ 2,727,477</u>	<u>100</u>	<u>\$ 2,664,290</u>	<u>100</u>

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

Chairperson: HSIAO, CHUN-XIANG

Manager: CHEN, WEI-CHIH

Accounting Supervisor: CHEN, CHAO-CHIH

Sanitar Co., Ltd.

Parent Company Only Statement of Comprehensive Income

From Jan. 1 to Dec. 31, 2025 and from Jan. 1 to Dec. 31, 2024

Unit: NT\$ thousands,

Except the earnings per share are in NT\$
2025 2024

Code		Amount	%	Amount	%
	Operating revenue (Notes 4, 22 and 29)				
4110	Sales revenue	\$ 1,842,614	99	\$ 2,065,432	99
4170	Sales return	(2,473)	-	(2,417)	-
4190	Sales allowances	(9,932)	(1)	(12,754)	(1)
4800	Other operating revenue	<u>32,882</u>	<u>2</u>	<u>36,277</u>	<u>2</u>
4000	Total operating revenue	<u>1,863,091</u>	<u>100</u>	<u>2,086,538</u>	<u>100</u>
	Operating costs (Notes 11, 23 and 29)				
5110	Cost of sales	(1,201,071)	(64)	(1,369,026)	(66)
5800	Other operating costs	(<u>55,221</u>)	(<u>3</u>)	(<u>54,042</u>)	(<u>2</u>)
5000	Total operating costs	(<u>1,256,292</u>)	(<u>67</u>)	(<u>1,423,068</u>)	(<u>68</u>)
5900	Gross operating profit	<u>606,799</u>	<u>33</u>	<u>663,470</u>	<u>32</u>
5910	Unrealized profit from sales	(<u>4,973</u>)	<u>-</u>	(<u>7,182</u>)	<u>-</u>
5920	Realized profit from sales	<u>7,182</u>	<u>-</u>	<u>6,869</u>	<u>-</u>
5950	Gross profit from operations	<u>609,008</u>	<u>33</u>	<u>663,157</u>	<u>32</u>
	Operating expenses (Note 23)				
6100	Marketing expenses	(184,876)	(10)	(193,810)	(9)
6200	Management expenses	(112,151)	(6)	(113,067)	(6)
6300	R&D expenses	(12,291)	(1)	(21,148)	(1)
6450	Expected credit (losses) reversal gain	(<u>28,977</u>)	(<u>1</u>)	(<u>2,657</u>)	<u>-</u>
6000	Total operating expenses	(<u>338,295</u>)	(<u>18</u>)	(<u>330,682</u>)	(<u>16</u>)
6900	Net operating profit	<u>270,713</u>	<u>15</u>	<u>332,475</u>	<u>16</u>
	Non-operating income and expenses (Notes 4 and 23)				
7070	Share of profits of subsidiaries and associates	\$ 51,319	3	36,862	2
7100	Interest income	1,686	-	1,202	-
7110	Rental income	530	-	530	-
7130	Dividends income	1,002	-	1,358	-
7190	Other income	880	-	266	-
7210	Loss on disposal of property, plant and equipment	458	-	810	-

(Continued on the next page)

(Continued from the previous page)

Code		2025		2024	
		Amount	%	Amount	%
7229	Gain on disposal of non-current assets held for sale	\$ 9,592	-	\$ -	-
7228	Lease modification gains	-	-	169	-
7230	Foreign exchange gain	1,265	-	6,597	-
7235	Financial asset at fair value through profit or loss	568	-	12,865	1
7590	Miscellaneous expenses	(800)	-	-	-
7510	Interest expense	(2,323)	-	(2,374)	-
7000	Non-operating Total income and expenses	<u>64,177</u>	<u>3</u>	<u>58,285</u>	<u>3</u>
7900	Net profit before tax	334,890	18	390,760	19
7950	Income tax expense (Notes 4 and 24)	(72,680)	(4)	(75,527)	(4)
8200	Net income in the fiscal year	<u>262,210</u>	<u>14</u>	<u>315,233</u>	<u>15</u>
	Other comprehensive income (Notes 4, 21 and 24)				
8360	Amount of items that may be reclassified subsequently to profit or loss :				
8367	Unrealized gains or losses on investments in debt instruments measured at FVOCI	(110)	-	-	-
8380	Share of the other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	(108,592)	(6)	39,751	2
8399	income tax related to the items that may be reclassified	<u>21,718</u>	<u>1</u>	(7,950)	-
8300	Other comprehensive income in the fiscal year (net value after tax)	(86,984)	(5)	<u>31,801</u>	<u>2</u>
8500	Total comprehensive income in the fiscal year	<u>\$ 175,226</u>	<u>9</u>	<u>\$ 347,034</u>	<u>17</u>
	Earnings per share (Note 25)				
9750	Basic	<u>\$ 3.61</u>		<u>\$ 4.37</u>	
9850	Diluted	<u>\$ 3.59</u>		<u>\$ 4.33</u>	

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

Chairperson: HSIAO, CHUN-XIANG

Manager: CHEN, WEI-CHIH

Accounting Supervisor: CHEN, CHAO-CHIH

Sanitar Co., Ltd.
Parent Company Only Statement of Changes in Equity
From Jan. 1 to Dec. 31, 2025 and from Jan. 1 to Dec. 31, 2024

Unit: NT\$ thousands

Code		Share capital			Retained earnings			Other equity			Total equity
		Number of shares (1,000 shares)	Share capital	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange difference arising from translation of foreign operation financial statements	Unrealized gains or losses on financial assets measured at FVOCI	Treasury shares	
A1	Balance as of Jan. 1, 2024	72,600	\$726,000	\$ 277,703	\$ 293,667	\$ 166,229	\$ 785,053	(\$ 225,393)	\$ -	(\$ 15,674)	\$ 2,007,585
	Appropriation and distribution of earnings in 2023										
B1	Legal reserve	-	-	-	23,563	-	(23,563)	-	-	-	-
B3	Special reserve	-	-	-	-	59,164	(59,164)	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(129,737)	-	-	-	(129,737)
L1	Loss on disposal of treasury shares	-	-	5,852	-	-	-	-	-	15,674	21,526
D1	Net income for 2024	-	-	-	-	-	315,233	-	-	-	315,233
D3	Other comprehensive income after tax, 2024	-	-	-	-	-	-	31,801	-	-	31,801
D5	2024 The total comprehensive income	-	-	-	-	-	315,233	31,801	-	-	347,034
Z1	Balance as of Dec. 31, 2024	72,600	726,000	283,555	317,230	225,393	887,822	(193,592)	-	-	2,246,408
	Appropriation and distribution of earnings in 2024										
B1	Legal reserve	-	-	-	31,523	-	(31,523)	-	-	-	-
B3	Special reserve	-	-	-	-	(31,801)	31,801	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(174,240)	-	-	-	(174,240)
M7	Changes in ownership interests in subsidiaries			(698)							(698)
D1	Net income for 2025	-	-	-	-	-	262,210	-	-	-	262,210
D3	Other comprehensive income after tax, 2025	-	-	-	-	-	-	(86,874)	(110)	-	(86,984)
D5	The total comprehensive income in 2025	-	-	-	-	-	262,210	(86,874)	(110)	-	175,226
Z1	Balance as of Dec. 31, 2025	72,600	\$ 726,000	\$ 282,857	\$ 348,753	\$ 193,592	\$ 976,070	(\$ 280,466)	(\$ 110)	\$ -	\$ 2,246,696

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

Chairperson: HSIAO, CHUN-XIANG

Manager: CHEN, WEI-CHIH

Accounting Supervisor: CHEN, CHAO-CHIH

Sanitar Co., Ltd.
Parent Company Only Statements of Cash Flows
From Jan. 1 to Dec. 31, 2025 and from Jan. 1 to Dec. 31, 2024

Code	2025	2024
Unit: NT\$ thousands		
Cash flow from operating activities		
A10000		
Net profit before tax in the current period	\$ 334,890	\$ 390,760
A20010		
Income charges (credits)		
A20100	27,726	31,536
Depreciation expense		
A20200	2,516	2,493
Amortization expense		
A20300	28,977	2,657
Expected credit losses (reversal gain)		
A20400	(568)	(12,865)
Net profit of financial asset at FVTPL		
A20900	2,323	2,374
Financial costs		
A21200	(1,686)	(1,202)
Interest income		
A21300	(1,002)	(1,358)
Dividends income		
A21900	-	5,900
Share-based remuneration cost		
A22400		
Share of the profit or losses of the subsidiaries, associates and joint ventures accounted for using the equity method	(51,319)	(36,862)
A22500		
Gain on the disposal of property, plant and equipment	(458)	(810)
A23000		
Gain on disposal of non-current assets held for sale	(9,592)	-
A23800		
Loss from market price decline and obsolete and slow-moving inventory (gain from price recovery)	6,364	(373)
A23900		
Unrealized gain from related-sales	4,973	7,182
A24000		
Realized gain from related-sales	(7,182)	(6,869)
A24100	(39)	-
Unrealized foreign exchange gain		
A29900	-	(169)
Lease modification gains		
A30000		
Net changes in operating assets and liabilities		
A31130	21,984	(25,519)
Notes receivable		
A31150	52,126	19,974
Accounts receivable		
A31160		
Accounts receivable-Related parties	10,044	1,776
A31180	(198)	(165)
Other receivables		
A31190	2,438	(3,256)
Other receivables-Related parties		
A31200	11,270	(70,861)
Inventory		
A31220	(1,690)	405
Other prepaid expenses		
A31230	3,358	16,190
Prepayments		
A31240	1,417	476
Other current assets		
A31990	(31,663)	(693)
Overdue receivables		
A32125	828	(837)
Contract liabilities - current		
A32150	(4,645)	(28,629)
Accounts payable		
A32160	(4,119)	5,494
Accounts payable-Related parties		
A32180	(4,528)	8,155
Other payables		
A32230	(845)	(1,595)
Other current liabilities		
A33000	\$ 391,700	303,309
Cash from operating activities		
A33100	1,620	1,214
Interests received		
A33200	1,002	1,358
Dividends received		
A33300	(2,343)	(2,421)
Interests paid		
A33500	(72,315)	(68,332)
Income tax paid		
AAAA		
Net cash inflow from operating activities	<u>319,664</u>	<u>235,128</u>

(Continued on the next page)

(Continued from the previous page)

Code		2025	2024
	Cash flow from investing activities		
B00100	Acquisition of financial assets at fair value through profit or loss	(\$ 62,226)	(\$ 26,713)
B00010	Acquisition of financial assets at fair value through other comprehensive income	(35,387)	-
B00200	Price for the disposal of financial assets at fair value through profit or loss	61,598	29,270
B02600	Proceeds from disposal of assets held for sale	16,128	-
B01800	Acquisition of long-term equity investment accounted for using the equity method	(10,411)	-
B01900	Price for the disposal of long-term equity investment accounted for using the equity method	-	2,167
B02700	Purchase of property, plant and equipment	(15,272)	(9,759)
B02800	Price for the disposal of property, plant and equipment	458	810
B03800	Decrease in refundable deposits	268	1,273
B04500	Acquisition of intangible assets	(2,684)	(1,095)
B07100	Increase prepayment for equipment	(6,911)	(36,227)
B07600	Receive dividends from subsidiaries	<u>2,754</u>	<u>1,836</u>
BBBB	Net cash outflow from investing activities	<u>(51,685)</u>	<u>(38,438)</u>
	Cash flow from financing activities		
C00200	Increase(Decrease) in short-term loans	90,000	(103,000)
C01600	Increase in long-term borrowings	-	8,333
C01700	Repayments of long-term loans	(35,667)	-
C04020	Repayment of lease principal	(10,131)	(8,966)
C04500	Payment of cash dividends for the owners of the Company	(174,240)	(129,737)
C05100	Employee purchase treasury shares	<u>-</u>	<u>15,626</u>
CCCC	Cash outflow from financing activities	<u>(130,038)</u>	<u>(217,744)</u>
EEEE	Increase (decrease) in cash and cash equivalents	137,941	(21,054)
E00100	Beginning balance of cash and cash equivalents	<u>104,925</u>	<u>125,979</u>
E00200	Ending balance of cash and cash equivalents	<u>\$ 242,866</u>	<u>\$ 104,925</u>

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

Chairperson: HSIAO, CHUN-XIANG

Manager: CHEN, WEI-CHIH

Accounting Supervisor: CHEN, CHAO-CHIH

Sanitar Co., Ltd.

Parent Company Only Financial Statement Notes

From Jan. 1 to Dec. 31, 2025 and from Jan. 1 to Dec. 31, 2024

(Unless otherwise specified, the basic unit for any amount shall be NT\$ 1,000.)

1. Company history

Sanitar Co., Ltd. (hereinafter referred to as "the Company") was established in 1985 as a sanitary ware manufacturer and seller, and was reorganized and established as San Yu Xing Ye Co, Ltd. on January 26, 1988. The Company was renamed as Sanitar Co., Ltd. in 2003. The company is mainly engaged in the sales of bathtubs, toilets and other sanitary equipment, and water supply brassware.

In August 2011, the Company was approved by TPEX for trading on the stock exchange and was listed and traded on the Taiwan Stock Exchange on October 24, 2013.

The parent company only financial reports were expressed with the functional currency, New Taiwan Dollar, adopted by the Company.

2. The date when the financial reports were authorized for issuance and the process involved

The parent company only financial reports were approved by Board of Directors on March 6, 2026.

3. Applicability of new issuing & revised standards and interpretation

- 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 and explanation of material accounting policies

(1) Compliance statement

The Parent Company Only Financial Statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

The Parent Company Only Financial Statements have been prepared on the historical cost basis, except for financial instruments measured at fair value.

Fair value measurement can be classified as level 1 to level 3 according to the observable degrees and importance of the relevant input values:

- A. Level 1 input value: It refers to the quoted price at the active market on the same asset or liability available on the measurement day (unadjusted).
- B. Level 2 input value: It refers to the direct (that is the price) or indirect (inferred from the price) observable input values on asset or liability other than the level 1 quoted price.
- C. Level 3 input value: Unobservable input value of asset or liability.

In preparing the Parent Company Only Financial Statements, the Company uses the equity method of accounting for its investee subsidiaries. In order to make the profit or loss for the year, other comprehensive income or loss and equity in the Parent Company Only Financial Statements the same as the profit or loss for the year, other comprehensive income or loss and equity attributed to the owners of the Company in the Parent Company Only Financial Statements, certain accounting differences between the parent company only basis and the consolidated basis are adjusted for "investments accounted for using the equity method", "share of the profit or loss of subsidiaries and associates accounted for using the equity method" and "share of other comprehensive income or loss of subsidiaries, affiliates and joint ventures accounted for under the equity method" and related equity items.

- (3) Standard in determining whether the asset or liability are current or non-current

Current assets include:

- A. assets held mainly for transaction purposes;
- B. assets to be realized within 12 months of the asset balance sheet; and
- C. cash and cash equivalents (but not including cash used to exchange or clear liability within 12 months of the asset balance sheet).

Current liabilities include:

- A. liabilities held mainly for transaction purposes;
- B. liabilities due for payment within 12 months after the balance sheet date (a liability with long-term refinancing done or payment agreement rearranged also belongs to the current liabilities); and
- C. the business entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. However, where the terms of the liabilities may, at the option of the counterparty, lead to the settlement by issuing an instrument of equity, the classification will not be affected.

Assets or liabilities not classified within the above definitions will be classified as non-current assets and liabilities.

(4) Foreign Currency

The Company prepares financial statements in currencies other than the Company's functional currency (foreign currencies) and translates them into the functional currency at the exchange rate on the transaction date.

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

Non-monetary items measured at fair value in foreign currencies are translated at the exchange rates prevailing on the date the fair value was determined, and the resulting exchange differences are recognized in profit or loss for the current period, except for changes in fair value recognized in other comprehensive income, in which case the resulting exchange differences are recorded in other comprehensive income. The exchange differences arising from changes in fair value recognized in other comprehensive income are recorded as other comprehensive income.

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

(5) Inventory

Inventories refer to commodity inventories. Inventories are measured at the lower of cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for similar inventories. Net realizable value is the estimated selling price under normal circumstances less the estimated cost to complete the sale. The weighted-average method is used to calculate the cost of inventories.

(6) Investment accounted for using the equity method

The Company accounts the equity method for the investment of the subsidiaries.

A subsidiary is an individual unit under the control of the Company.

The original investment under the equity method is recognized by cost. The carrying amount obtained shall increase or decrease based on the distribution of the income of the subsidiary, and the shares and profits of other comprehensive income. The change of equity of the subsidiary is recognized based on the shareholding ratio.

When the change in the Company's ownership interest in a subsidiary does not result in a loss of control, it is treated as an equity transaction. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

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

If the acquisition cost exceeds the identifiable asset and the fair value of net indebtedness of the subsidiary on the acquisition date, it shall be counted as the goodwill. The goodwill is included in the carrying amount of the investment and shall not be amortized. If the identifiable asset and the fair value of net indebtedness of the subsidiary exceeds the acquisition cost on the acquisition date, it shall be listed as the current yield.

The overall assessment on the impairment of assets is based on the cash generating unit of the financial statement, and to compare the recoverable amount with the carrying amount. If the recoverable amount increases afterwards, the impairment loss shall be reversed as profit, only the carrying amount of the assets after reversal of impairment loss shall not be more than the carrying amount after subtracting the amortization when the impairment loss has not yet been

recognized. The impairment loss attributing to the goodwill shall not be reversed subsequently.

When control over a subsidiary is lost, the Company measures its remaining investment in the former subsidiary at the Fair value at the date of loss of control. The difference between the Fair value of the remaining investment and any disposal price and the Carrying amount of the investment at the date of loss of control is recognized in profit or loss for the period. In addition, all Amounts recognized in Other comprehensive income related to the subsidiary are accounted for on the same basis as the Company's direct disposal of the related assets or liabilities.

The downstream transaction between the Company and the subsidiary shall be eliminated on the financial statement of the Parent Company when the income is not realized. The income of the upstream and side stream transactions between the Company and the subsidiary shall be recognized in the financial statement of the Parent Company within the realm that is unrelated to the subsidiary's interests from the Company.

(7) Property, plant and equipment

Property, plant, and equipment are recognized by cost, and then measured by cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment under construction are recognized at cost less accumulated impairment losses. Cost includes fees for professional services and borrowing costs eligible for capitalization. These assets are classified into the appropriate categories of property, plant and equipment and depreciation commences when they are completed and in their intended state of use.

The property, plant, and equipment are depreciated separately for each major part by the straight-line basis method over the life of service. The Company reviews the estimated useful lives, residual values and depreciation methods at least at each year-end and defers the effect of changes in applicable accounting estimates.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss when property, plant, and equipment are derecognized.

(8) Intangible assets

A. Individual acquisition

Intangible assets with limited duration acquired separately were initially measured at cost and subsequently at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized over their useful lives on a straight-line basis and the estimated useful lives, residual values and amortization method are reviewed at least at each year-end and the effect of changes in applicable accounting estimates is deferred. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

B. Derecognition

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss of the year when intangible assets are derecognized.

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

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may have been impaired. If any sign of impairment exists, the recoverable amount of the asset is estimated. If it is impossible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the asset at the cash generating unit.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is an indication of impairment.

The recoverable amount is the higher fair value less selling cost and use value. If the recoverable amount of an individual asset or cash generating unit is less than its carrying amount, the carrying amount of

the asset or cash generating unit shall be reduced to its recoverable amount, with the impairment loss recognized in profit or loss.

When the following recoverable amount increases, the carrying amount of the asset or cash generating unit increases to the amount that can be recovered after the revision. However, the increased carrying amount shall not exceed that (minus amortization or depreciation) determined by the asset or cash generating unit where the impairment loss was not recognized in the previous year. The reversal of 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 Company Only Statement of Financial Position when the Company 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 Company 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 Company'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 Company 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 Company 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 Company'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 Company 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 Company 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 Company 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 Company 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 Company are recognized at the proceeds received, net of directly attributable issuance costs.

Repurchased equity instruments of the Company 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 Company'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 Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

If the interval between the transfer of merchandises or services and the receipt of consideration is less than one year, no adjustment is made to the transaction price for the significant financing component of the contract.

Sales revenue

Sales revenue is derived from the sale of porcelain toilets, faucets, and other sanitary equipment products. The Company recognizes revenue and accounts receivable at the point of shipment because the customer has the right to set the price and use the products and has the primary responsibility for re-selling the products and bears the risk of obsolescence of the products.

(14) Lease

The Company assesses whether a contract is (or contains) a lease at the contract inception date.

1. The Company as lessor

If the lease clauses transfer nearly all risks and Compensation associated with the assets to the lessee, the lease shall be classified as finance lease. All other leases shall be classified as business lease.

Under operating leases, lease payments, net of lease incentives, are recognized as income on a straight-line basis over the term of the relevant lease. The original direct costs incurred in acquiring an operating lease are added to the carrying amount of the subject asset and recognized as an expense on a straight-line basis over the lease term.

2. The Company as lessee

Right-of-use assets and lease liabilities are recognized at the inception date of the lease, except for leases of low-value subject assets to which a recognition exemption applies and short-term leases where lease payments are recognized as an expense on a straight-line basis over the lease term.

Right-of-use assets are measured initially at cost (comprising the original measurement of the lease liability, lease payments made prior to the commencement date of the lease less lease incentives received, original direct cost and estimated cost to reinstate the subject asset) and subsequently at cost less accumulated depreciation and accumulated impairment losses, with adjustments for remeasurement of the lease liability. Right-of-use assets are presented separately on Parent Company Only Statement of Financial Position.

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

Lease obligations are measured initially at the present value of the lease payments (comprising fixed payments, effective fixed

payments, variable lease payments dependent on indices or rates). If the implied interest rate of the lease is readily determinable, the lease payments are discounted using that rate. If the rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured on an amortized cost basis using the effective interest method and interest expense is amortized over the lease term. If there is a change in future lease payments as a result of a change in the lease term, or in the index or rate used to determine the lease payments, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly, except that if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented separately on the Parent Company Only Statement of Financial Position.

Lease agreements that do not depend on changes in indices or rates are recognized as expenses in the period in which they are incurred.

(15) Income tax

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

1. Current income tax

The additional income tax on the undistributed surplus calculated in accordance with the Income Tax Act shall be included in the income tax expense for the year of resolution of the shareholders' meeting.

The adjustment of income tax payable in the previous year shall be included in the current income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities on the books and the basis for the calculation of taxable income.

Deferred tax liabilities are generally recognized for all temporary differences in taxable income, while deferred tax assets are recognized when there is a high likelihood that the taxable income will be used as a tax deduction for deductible temporary differences.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced for those where it is no longer probable that there will be sufficient taxable income to allow all or part of the assets to be recovered. Deferred tax assets not previously recognized as such are also reviewed at each balance sheet date and the carrying amount is increased for those where it is probable that taxable income will be available to recover all or part of the assets.

Deferred tax assets and liabilities are measured by the tax rate of the expected liabilities settlement or assets realization in the current period, according to the tax rate and the tax law which have been legalized or substantively legalized on the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences of the way in which the Company is expected to recover or pay off the carrying amount of its assets and liabilities on the balance sheet date.

3. Current and deferred tax

The current and deferred tax are recognized in profit or loss, provided that the current and deferred tax in relation to the items

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

5. Primary sources of uncertainty in major accounting judgments, estimates, and assumptions

When the Company adopts an accounting policy, management must make relevant judgments, estimates, and assumptions of relevant information that is difficult to obtain from other sources based on historical experience and other relevant factors.

The company has taken the recent development of the novel COVID-19 in my country and the possible impact on the economic environment into consideration of cash flow estimates, growth rates, discount rates, profitability and other relevant major accounting estimates. The management will review the estimates and underlying assumptions on an ongoing basis. If an amendment to an estimate affects only the current period, the amendment is recognized in the period in which it is made. If an amendment to an accounting estimate affects both the current and future periods, the amendment is recognized in both the current and future periods.

6. Cash and cash equivalents

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Cash on hand and working capital	\$ 495	\$ 450
Checks and demand deposits	236,085	104,475
Cash Equivalents		
Time deposits with original maturities of three months or less	<u>6,286</u>	<u>-</u>
	<u>\$ 242,866</u>	<u>\$ 104,925</u>

7. Financial assets measured at fair value through profit and loss- current

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
<u>Investment in equity instruments</u> <u>measured at FVTPL</u>		
Stock of listed companies	<u>\$ 37,657</u>	<u>\$ 36,461</u>

8. Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
<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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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. Notes receivable and accounts receivable

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
<u>Notes receivable</u>		
Generated from operating activities		
Non-related parties	<u>\$ 16,449</u>	<u>\$ 38,433</u>
<u>Accounts receivable</u>		
Non-related parties	\$ 194,781	\$ 246,907
Minus: Allowance for bad debts	(5,880)	(8,566)
	<u>\$ 188,901</u>	<u>\$ 238,341</u>
Related parties	<u>\$ 11,877</u>	<u>\$ 21,921</u>

The average credit period for merchandise sales ranges is from 30 to 90 days, and no interest is charged on Accounts receivable. To mitigate credit risk, the management of the Company assigns a dedicated team to ensure that appropriate actions are taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses are recorded for uncollectible receivables. Accordingly, the Company's management believes that the Company's credit risk has been significantly reduced.

The Company uses the simplified approach of IFRS 9 to recognize an allowance for losses on accounts receivable based on lifetime expected credit losses. The lifetime expected credit losses are calculated using an provision matrix, which takes into account the customer's past default history and current financial position, the economic situation of the industry, as well as the GDP forecast and industry outlook, and classifies customers into different risk groups and recognizes an allowance for losses based on the expected loss rate of each group.

If there is evidence that the counterparty is in serious financial difficulty and the Company cannot reasonably expect to recover the amount, such as when the counterparty is in liquidation, the Company will directly write off the related accounts receivable, but will continue to conduct recourse actions and recognize the amount recovered in profit or loss as a result of the recourse.

The Company's allowance for losses on accounts receivable and overdue receivables based on the provision matrix is summarized as follows:

Dec. 31, 2025

	Within a normal credit period	Overdue 1-180 days	Overdue Over 180 days	Total
Total carrying amount	\$ 193,698	\$ 11,281	\$ 1,679	\$ 206,658
Allowance for loss (Expected credit loss in the duration)	(1,947)	(2,379)	(1,554)	(5,880)
Amortized cost	<u>\$ 191,751</u>	<u>\$ 8,902</u>	<u>\$ 125</u>	<u>\$ 200,778</u>

Dec. 31, 2024

	Within a normal credit period	Overdue 1-180 days	Overdue Over 180 days	Total
Total carrying amount	\$ 246,467	\$ 22,282	\$ 79	\$ 268,828
Allowance for loss (Expected credit loss in the duration)	(1,794)	(6,724)	(48)	(8,566)
Amortized cost	<u>\$ 244,673</u>	<u>\$ 15,558</u>	<u>\$ 31</u>	<u>\$ 260,262</u>

Information on the changes in allowance for losses on notes receivable, accounts receivable and overdue receivables is as follows:

	2025		
	Notes receivable	Accounts receivable	Overdue receivables
Beginning balance	\$ -	\$ 8,566	\$ 614
Add: Net remeasurement of loss allowance	-	-	31,663
Minus: Reversal of impairment losses in the current period	-	(2,686)	-
Minus: Actual Write-offs during the Year	-	-	(197)
Ending balance	<u>\$ -</u>	<u>\$ 5,880</u>	<u>\$ 32,808</u>

	2024		
	Notes receivable	Accounts receivable	Overdue receivables
Beginning balance	\$ -	\$ 6,602	\$ 638
Add: Net remeasurement of loss allowance	-	1,964	693
Minus: Actual Write-offs during the Year	-	-	(717)
Ending balance	<u>\$ -</u>	<u>\$ 8,566</u>	<u>\$ 614</u>

The Company's notes receivable, accounts receivable and overdue receivables are not pledged.

11. Inventory

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Merchandise inventory	<u>\$ 263,671</u>	<u>\$ 281,305</u>

The allowance for loss for market price decline and obsolete inventories was \$23,985 thousands and \$17,621 thousands as of December 31, 2025 and 2024, respectively.

Cost of sales related to inventories for fiscal 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Loss from market price decline and obsolete and slow-moving inventory	\$ 6,364	\$ -
Inventories – Reversal of Write-downs	-	(373)
Inventory short	(63)	1,356
Loss on inventory obsolescence	<u>630</u>	<u>748</u>
	<u>\$ 6,931</u>	<u>\$ 1,731</u>

The Company has designated certain inventories as collateral for borrowings. Please refer to Note 30.

12. 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 Company 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 Company 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.

13. Investment accounted for using the equity method

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Investee subsidiaries		
Vietnam Caesar Sanitary Wares Joint Stock Company (VIETNAM CAESAR SANITARY WARES JOINT STOCK COMPANY)	\$ 1,303,062	\$ 1,360,403
Kai-Sheng Sanitary Wares Co., Ltd.	28,642	25,420
Polarc co., LTD	16,964	10,950
	<u>\$ 1,348,668</u>	<u>\$ 1,396,773</u>

<u>N a m e o f S u b s i d i a r y</u>	Percentage of owner's equity and voting rights	
	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Vietnam Caesar Sanitary Wares Joint Stock Company (VIETNAM CAESAR SANITARY WARES JOINT STOCK COMPANY)	99.9993%	99.9993%
Kai-Sheng Sanitary Wares Co., Ltd.	51%	51%
Polarc co., LTD.	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 Company injected capital of USD 340 thousand, increasing its shareholding ratio to 57.33%.

14. Property, plant and equipment

	Self-owned land	Buildings	Transportation equipment	Other equipment	Leasehold improvement	Construction in progress	Total
<u>Cost</u>							
Balance as of Jan. 1, 2025	\$ 206,158	\$ 240,179	\$ 40,077	\$ 18,810	\$ 42,086	-	\$ 549,310
Addition	-	-	5,316	537	9,419	-	15,272
Disposal	-	-	(4,176)	(6,882)	(16,322)	-	(27,380)
Reclassification	(7,365)	-	-	-	-	-	(7,365)
Balance as of Dec. 31, 2025	<u>\$ 198,793</u>	<u>\$ 240,179</u>	<u>\$ 43,217</u>	<u>\$ 12,465</u>	<u>\$ 35,183</u>	<u>\$ -</u>	<u>\$ 529,837</u>
<u>accumulated depreciation</u>							
Balance as of Jan. 1, 2025	\$ -	\$ 68,596	\$ 26,343	\$ 12,703	\$ 40,203	\$ -	\$ 147,845
Depreciation expense	-	7,654	5,581	2,185	1,555	-	16,975
Disposal	-	-	(4,176)	(6,882)	(16,322)	-	(27,380)
Balance as of Dec. 31, 2025	<u>\$ -</u>	<u>\$ 76,250</u>	<u>\$ 27,748</u>	<u>\$ 8,006</u>	<u>\$ 25,436</u>	<u>\$ -</u>	<u>\$ 137,440</u>
Net worth as of Dec. 31, 2025	<u>\$ 198,793</u>	<u>\$ 163,929</u>	<u>\$ 15,469</u>	<u>\$ 4,459</u>	<u>\$ 9,747</u>	<u>\$ -</u>	<u>\$ 392,397</u>
<u>Cost</u>							
Balance as of Jan. 1, 2024	\$ 206,158	\$ 239,275	\$ 38,993	\$ 16,106	\$ 42,086	-	\$ 542,618
Addition	-	904	5,192	3,663	-	-	9,759
Disposal	-	-	(2,108)	(959)	-	(-)	(3,067)
Balance as of Dec. 31, 2024	<u>\$ 206,158</u>	<u>\$ 240,179</u>	<u>\$ 42,077</u>	<u>\$ 18,810</u>	<u>\$ 42,086</u>	<u>\$ -</u>	<u>\$ 549,310</u>
<u>accumulated depreciation</u>							
Balance as of Jan. 1, 2024	\$ -	\$ 60,154	\$ 22,390	\$ 10,602	\$ 35,255	\$ -	\$ 128,401
Depreciation expense	-	8,442	6,061	3,060	4,948	-	22,511
Disposal	-	-	(2,108)	(959)	-	-	(3,067)
Balance as of Dec. 31, 2024	<u>\$ -</u>	<u>\$ 68,596</u>	<u>\$ 26,343</u>	<u>\$ 12,703</u>	<u>\$ 40,203</u>	<u>\$ -</u>	<u>\$ 147,845</u>
Net worth as of Dec. 31, 2024	<u>\$ 206,158</u>	<u>\$ 171,583</u>	<u>\$ 15,734</u>	<u>\$ 6,107</u>	<u>\$ 1,883</u>	<u>\$ -</u>	<u>\$ 401,465</u>

There is no indication of impairment of property, plant and equipment listed above in fiscal 2025 and 2024 as assessed by management.

Depreciation expense is calculated through straight-line basis according to the following years:

Buildings	
Main building of the office	55 years
Other	3 to 50 years
Transportation equipment	5 years
Office equipment	1 to 5 years
Leasehold improvement	4.25 to 5 years

Please refer to Note 30 for the amount of property, plant and equipment pledged as collaterals for loans.

The Company leases the roof of its factory in Zaoqiao Township for the installation and operation of a solar photovoltaic system to generate electricity for sale to Taiwan Power Company. The lessee does not have a preferential right to purchase the asset at the end of the lease period. The lease period is from the commercial operation date of the solar power system on March 14, 2019 to the end of 20 years. At the end of the lease term, the lessee does not have a preferential right to acquire the asset.

The total future lease payments to be received under operating leases are as follows:

	<u>2025</u>	<u>2024</u>
The 1st year	\$ 530	\$ 530
The 2nd year	530	530
The 3rd year	530	530
The 4th year	530	530
The 5th year	530	530
Over 5 years	<u>4,240</u>	<u>4,770</u>
	<u>\$ 6,890</u>	<u>\$ 7,420</u>

15. Lease agreement

(1) Right-of-use assets—Buildings

	For the Year Ended December 31	
	<u>2025</u>	<u>2024</u>
<u>Carrying Amount of Right-of-Use Assets</u>		
Buildings	<u>\$ 39,049</u>	<u>\$ 24,832</u>
Additions to Right-of-Use Assets	<u>\$ 24,968</u>	<u>\$ 11,720</u>
Depreciation of Right-of-Use Assets		
Buildings	<u>\$ 10,751</u>	<u>\$ 9,025</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.

(2) Lease liabilities

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Carrying amount of lease liabilities		
Current	<u>\$ 11,136</u>	<u>\$ 6,787</u>
Non-current	<u>\$ 28,868</u>	<u>\$ 18,380</u>

The discount rate range for Lease liabilities is as follows:

	<u>2025</u>	<u>2024</u>
Buildings	2.35%~2.59%	1.66%~2.54%

(3) Other leasing information

	<u>2025</u>	<u>2024</u>
Lease expenses of low-value assets	\$ <u>506</u>	\$ <u>1,857</u>
Total cash outflow from lease	(\$ <u>11,548</u>)	(\$ <u>11,261</u>)

The Company has elected to apply the exemption from recognition to leases of Office equipment that qualify as short-term leases and leases of Office equipment that qualify as low-value asset leases and not to recognize the related right-of-use assets and lease liabilities for these leases.

16. Intangible assets

	<u>Cost of computer software</u>
<u>Cost</u>	
Balance as of Jan. 1, 2025	\$ 10,371
Individual acquisition	2,684
Disposal	(<u>1,312</u>)
Balance as of Dec. 31, 2025	\$ <u>11,743</u>
<u>Accumulated amortization</u>	
Balance as of Jan. 1, 2025	\$ 7,188
Amortization expense	2,516
Amortization expense	(<u>1,312</u>)
Balance as of Dec. 31, 2025	\$ <u>8,392</u>
Net worth as of Dec. 31, 2025	\$ <u>3,351</u>
<u>Cost</u>	
Balance as of Jan. 1, 2024	\$ 9,276
Individual acquisition	1,095
Balance as of Dec. 31, 2024	\$ <u>10,371</u>
<u>Accumulated amortization</u>	
Balance as of Jan. 1, 2024	\$ 4,695
Amortization expense	2,493
Balance as of Dec. 31, 2024	\$ <u>7,188</u>
Net worth as of Dec. 31, 2024	\$ <u>3,183</u>

Amortization expense is accrued on a straight-line basis over the following number of durable years.

Computer software	1-3 years
-------------------	-----------

17. Other assets

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
<u>Current</u>		
Input tax	\$ -	\$ 1,366
Other	<u>15</u>	<u>66</u>
	<u>\$ 15</u>	<u>\$ 1,432</u>
 <u>Non-current</u>		
Overdue receivables	\$ 32,080	\$ 614
Minus: allowance for loss	(<u>32,080</u>)	(<u>614</u>)
	<u>\$ -</u>	<u>\$ -</u>

18. Short-term loans

(1) Short-term loans

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
<u>Secured loan (Note 27)</u>		
Bank borrowings	<u>\$ 40,000</u>	<u>\$ -</u>
 <u>Unsecured borrowings</u>		
Credit facility borrowings	<u>50,000</u>	<u>-</u>
	<u>\$ 90,000</u>	<u>\$ -</u>

The interest rates on revolving bank loans ranged from 1.845% to 1.875% in Dec. 31, 2025, respectively.

(2) Long-term loans

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
<u>Unsecured loan</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 2025 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
Less: Current portion	<u>-</u>	<u>(17,667)</u>
	<u>\$ -</u>	<u>\$ 18,000</u>

19. Accounts payable

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Non-related parties	<u>\$ 40,450</u>	<u>\$ 45,095</u>
Related parties	<u>\$ 1,375</u>	<u>\$ 5,494</u>

Accounts payable are paid at the agreed time in the contract. The company has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit period.

20. Other payables

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Salaries and bonuses payable	\$ 28,416	\$ 28,095
Compensation of employees payable	17,059	19,905
Compensation of directors and supervisors payable	7,183	8,381
Advertising expenses payable	4,013	6,047
Freight charges payable	2,387	2,688
Other	<u>10,812</u>	<u>9,302</u>
	<u>\$ 69,870</u>	<u>\$ 74,418</u>

21. Equity

(1) Share capital for common stock

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Authorized shares (1,000 shares)	<u>100,000</u>	<u>100,000</u>
Authorized share capital	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of outstanding shares that had been paid (1,000 shares)	<u>72,600</u>	<u>72,600</u>
Share capital of issued shares	<u>\$ 726,000</u>	<u>\$ 726,000</u>

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

(2) Additional paid-in capital

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
<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.

(3) Retained earnings and dividend 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 23(3), "Employees' Compensation and Directors' Remuneration."

The Company's dividend policy is in line with its current and future development plans, taking into account the investment environment, capital requirements, domestic and international

competition, and the interests of 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, when the distributable surplus for the current period is lower than the net profit after tax for the current period, this limitation is not applicable. Dividends may be distributed to shareholders in cash or in stock, with cash dividends not less than 10% of total stock dividends, except when stock dividends are less than \$1 per share.

The legal reserve shall be set aside until the balance reaches the total paid-up capital of the Company. The legal reserve may be applied to make up losses. 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 company withdraws the special surplus reserve for the net amount of other equity deduction accumulated in the previous period, if the undistributed surplus in the previous period is not sufficient for provision, it is included in the current undistributed surplus from the current after-tax net profit plus the items other than the post-tax net profit. The amount is listed.

The Company held a board meeting on March 4, 2025 and an annual general shareholders' meeting on May 29, 2024, at which the appropriations of earnings for 2024 and 2023 were resolved, respectively, as follows:

	<u>2024</u>	<u>2023</u>
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:

	<u>2025</u>
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 distribution of NT\$23,958 thousand 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.

(4) Special reserve

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 225,393	\$ 166,229
Reversal of Special reserve		
Reversal for deductions in other equity interest items	(31,801)	-
Provision of special reserve		
Provision for deductions in other equity interest items	-	59,164
Ending balance	<u>\$ 193,592</u>	<u>\$ 225,393</u>

(5) Other equity interest items

1. Exchange differences on translation of foreign financial statements

	<u>2025</u>	<u>2024</u>
Beginning balance	(\$193,592)	(\$225,393)
Exchange differences on translating the financial statements of the foreign subsidiaries, associates and joint ventures accounted for using equity method	(108,592)	39,751
Relevant income tax	<u>21,718</u>	<u>(7,950)</u>
Ending balance	<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)

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

(6) Treasury shares

Reasons for the retirement of shares	Transfer of shares to employees (1,000 shares)
<u>Number of shares at December 31, 2025</u>	<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 26.

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.

22. Income

	<u>2025</u>	<u>2024</u>
Income from customer contracts		
Porcelain	\$ 850,607	\$ 939,835
Water use equipment	318,070	380,132
Automated equipment	268,074	277,522
Bath cabinet	173,254	200,059
Bathtubs	41,147	44,812
Other	<u>211,939</u>	<u>244,178</u>
	<u>\$ 1,863,091</u>	<u>\$ 2,086,538</u>

Contract balance

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>	<u>Jan. 1, 2024</u>
Accounts receivable	<u>\$ 200,788</u>	<u>\$ 260,262</u>	<u>\$ 283,976</u>
Contract liabilities			
Receipts in advance	<u>\$ 4,195</u>	<u>\$ 3,367</u>	<u>\$ 4,204</u>

The contract revenue of customers transferred from contract liabilities in 2025 and 2024 were \$859 thousands and \$1,695 thousands, respectively.

23. Net income from continuing operations

Net income from continuing operations includes the following items:

(1) Other income and expenses, net

	<u>2025</u>	<u>2024</u>
Interest on lease liabilities	911	438
Other financial costs	2,215	2,164
Interest on bank borrowings	<u>(803)</u>	<u>(228)</u>
	<u>\$ 2,323</u>	<u>\$ 2,374</u>

	<u>2025</u>	<u>2024</u>
Amount of interest capitalized	\$ 803	\$ 228
Interest capitalization rate	2.44%	1.95%

(2) Depreciation, amortization and employee benefit expenses

	2025			2024		
	Belonging to operating costs	Belonging to operating expenses	Total	Belonging to operating costs	Belonging to operating expenses	Total
Employee benefit expenses						
Salary expenses	\$ 32,801	\$ 127,563	\$ 160,364	\$ 31,834	\$ 123,366	\$ 155,200
Premium for the insurance of employees	3,493	13,127	16,620	3,331	11,540	14,871
Share-based payments						
Equity-settled	-	-	-	1,498	4,402	5,900
Benefits after retirement						
Defined contribution plan	1,827	6,078	7,905	1,750	5,266	7,016
Compensation of directors	697	12,853	13,550	390	14,585	14,975
Other employee benefit expenses	1,377	7,249	8,626	1,400	7,250	8,650
Total of employee benefit expenses	<u>\$ 40,195</u>	<u>\$ 166,870</u>	<u>\$ 207,065</u>	<u>\$ 40,203</u>	<u>\$ 166,409</u>	<u>\$ 206,612</u>
Depreciation expense						
Property, plant and equipment	\$ -	\$ 16,975	\$ 16,975	\$ -	\$ 22,511	\$ 22,511
Right-of-use assets	-	10,751	10,751	-	9,025	9,025
	<u>\$ -</u>	<u>\$ 27,726</u>	<u>\$ 27,726</u>	<u>\$ -</u>	<u>\$ 31,536</u>	<u>\$ 31,536</u>
Amortization expense	<u>\$ -</u>	<u>\$ 2,516</u>	<u>\$ 2,516</u>	<u>\$ -</u>	<u>\$ 2,493</u>	<u>\$ 2,493</u>

The respective average numbers of employees of the Company calculated until December 31 of 2025 and 2024 are 202 and 196, while the average number of directors who do not serve as employees are 9 and 8, respectively. The average fees of employee benefit of this year and last year respectively are \$1,003 thousands and \$1,019 thousands. The average salary expenses respectively are \$831 thousands and \$826 thousands, and the average adjustment of salary expenses is increase 0.6%.

Compensation Policy

1. Directors' and supervisors' remuneration

The Company may pay remuneration to the directors and supervisors for their duties, regardless of operating profit or loss, in accordance with the Company's Articles of Incorporation, which authorize the Board of Directors to determine the value of their participation in and contribution to the Company's operations, taking into account the market rate in the industry. In addition, if the Company has net profit before tax, the remuneration shall be distributed in accordance with the Company's Articles of Incorporation.

2. Managers' remuneration

The managers are appointed and compensated in accordance with the Company's Articles of Incorporation and are subject to the Board of Directors' approval. The standards of compensation for managers are based on their personal performance, contribution to work, annual operating results, hard work, and cooperation with company policies, as well as on market standards in the industry.

3. Employees' remuneration

Employees are paid monthly in the spirit of equal pay for equal work according to their academic experience and job level, and performance bonuses are paid according to the company's monthly operating performance. If the company has net profit before tax, the compensation will be distributed according to the company's articles of incorporation.

(3) Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates no lower than 2% and no higher than 2%, respectively, Pursuant to the amendments to the Securities and Exchange Act in August 2024, the Company amended its Articles of Incorporation, 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 and supervisors 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

	<u>2025</u>	<u>2024</u>
Employees' compensation	4.75%	4.75%
Remuneration of directors and supervisors	2%	2%

Amount

	<u>2025</u>	<u>2024</u>
	<u>Cash</u>	<u>Cash</u>
Employees' compensation	\$ 17,059	\$ 19,905
Remuneration of directors and supervisors	7,183	8,381

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

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

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

24. Income taxes relating to continuing operations

(1) Income tax recognized in profit or loss

The major components of tax expense are as follows:

	<u>2025</u>	<u>2024</u>
Current tax		
Generated in the current period	\$ 61,383	\$ 67,088
Income tax on unappropriated earnings	6,882	629
Adjustments for prior periods	<u>1</u>	<u>10</u>
	68,266	67,727
Deferred tax		
Generated in the current year	2,873	6,192
Foreign withholding tax that cannot be deducted	<u>1,541</u>	<u>1,608</u>
Income tax expense recognized in profit or loss	<u>\$ 72,680</u>	<u>\$ 75,527</u>

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

	<u>2025</u>	<u>2024</u>
Profit before tax	<u>\$ 334,890</u>	<u>\$ 390,760</u>
Income tax expense calculated at the statutory rate	\$ 66,978	\$ 78,152
Nondeductible expenses and losses in determining taxable income	218	54
Tax-exempt income	(2,940)	(4,926)
Income tax on unappropriated earnings	6,882	629
Foreign withholding tax that cannot be deducted	1,541	1,608
Adjustments for prior years' tax	<u>1</u>	<u>10</u>
Income tax expense recognized in profit or loss	<u>\$ 72,680</u>	<u>\$ 75,527</u>

(2) Income tax recognized in other comprehensive income

	<u>2025</u>	<u>2024</u>
<u>Deferred tax</u>		
Generated in the current year		
Share of other comprehensive income of subsidiaries accounted for using the equity method	<u>\$ 21,718</u>	<u>(\$ 7,950)</u>
(3) Current tax liabilities		

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Current tax liabilities	<u>\$ 34,563</u>	<u>\$ 37,071</u>

(4) Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:
2025

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Balance, End of Year
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized loss for market price decline and obsolete and slow-moving inventory	\$ 3,524	\$ 1,273	\$ -	\$ 4,797
Allowance for bad debts	1,206	5,861	-	7,067
Exchange differences on translating the financial statements of foreign operations	48,398	-	21,718	70,116
Unrealized foreign exchange loss	-	995	-	995
Unrealized profit	<u>1,436</u>	<u>(1,436)</u>	<u>-</u>	<u>-</u>
	<u>\$ 54,564</u>	<u>\$ 6,693</u>	<u>\$ 21,718</u>	<u>\$ 82,975</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Gain on investments accounted for using the equity method	\$ 186,375	\$ 9,511	\$ -	\$ 195,886
Unrealized foreign exchange gain	<u>184</u>	<u>55</u>	<u>-</u>	<u>239</u>
	<u>\$ 186,559</u>	<u>\$ 9,566</u>	<u>\$ -</u>	<u>\$ 196,125</u>

2024

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Balance, End of Year
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized loss for market price decline and obsolete and slow-moving inventory	\$ 3,599	(\$ 75)	\$ -	\$ 3,524
Allowance for bad debts	825	381	-	1,206
Exchange differences on translating the financial statements of foreign operations	56,348	-	(7,950)	48,398
Unrealized foreign exchange loss	379	(379)	-	-
Unrealized profit	<u>1,374</u>	<u>62</u>	<u>-</u>	<u>1,436</u>
	<u>\$ 62,525</u>	<u>(\$ 11)</u>	<u>(\$ 7,950)</u>	<u>\$ 54,564</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Gain on investments accounted for using the equity method	\$ 180,378	\$ 5,997	\$ -	\$ 186,375
Unrealized foreign exchange gain	<u>-</u>	<u>184</u>	<u>-</u>	<u>184</u>
	<u>\$ 180,378</u>	<u>\$ 6,181</u>	<u>\$ -</u>	<u>\$ 186,559</u>

- (5) Deductible temporary differences of deferred income tax assets which were not recognized in the statement of financial position

	December 31	
	2025	2024
Deductible temporary differences	<u>\$ 729</u>	<u>\$ 729</u>

- (6) Income tax assessment

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

25. Earnings per share

- (1) Basic earnings per share

The earnings and weighted-average number of common stocks used to calculate basic earnings per share were as follows:

	2025	2024
Net profit for the year	<u>\$ 262,210</u>	<u>\$ 315,233</u>
Weighted average number of common shares used in the calculation of basic earnings per share (1,000 shares)	<u>72,600</u>	<u>72,216</u>
Basic earnings per share (NT\$)	<u>\$ 3.61</u>	<u>\$ 4.37</u>

- (2) Diluted earnings per share

The earnings and weighted-average number of common stocks used to calculate diluted earnings per share were as follows:

	2025	2024
Net profit for the year	<u>\$ 262,210</u>	<u>\$ 315,233</u>
Weighted average number of common shares used in the calculation of basic earnings per share (1,000 shares)	72,600	72,216
Influence of dilutive potential common shares on employee bonuses or Compensation of employees (1,000 shares)	<u>513</u>	<u>544</u>
Weighted average number of common shares used in the calculation of diluted earnings per share (1,000 shares)	<u>73,113</u>	<u>72,760</u>
Diluted earnings per share (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 26.

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.

26. 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 21(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.

27. Capital risk management

The Company is currently in a stable operating phase and the objective of capital risk management is to ensure that it is able to maximize shareholder returns by optimizing debt and equity balances while continuing to operate and grow.

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

28. Financial instruments

(1) Fair value information

1. Financial instruments not measured at fair value

The Company 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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTOPL-current				
Domestic listed 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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTOPL-current				
Domestic listed 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, 2025 and 2024.

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

Category of Financial Instruments			Valuation Techniques and Inputs
Emerging Shares (Non-active market)	Stock	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.

(2) Categories of financial instruments

	December 31	
	2025	2024
<u>Financial assets</u>		
Financial assets at FVTPL		
Financial assets at FVTPL	\$ 37,657	\$ 36,461
Financial assets at amortized cost		
Cash and cash equivalents	242,866	104,925
Notes receivable, net	16,449	38,433
Accounts receivable, net	188,901	238,341
Accounts receivable from related parties	11,877	21,921
Other receivables	1,274	181
Other receivables from related parties	3,360	5,798
Refundable deposits	2,977	3,245
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>		
Financial liabilities at amortized cost		
Short-term loans	90,000	-
Accounts payable	40,450	45,095
Accounts payable from related parties	1,375	5,494
Other payables	69,870	74,418
Long-term liabilities - current portion	-	17,667
Long-term loans	-	18,000

(3) Financial risk management objectives and policies

The Company is committed to ensuring that it has sufficient and cost-effective working capital needed for operations. The Company prudently manages market risk (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 Company's financial position.

1. Market risk management

(1) Foreign currency risk

The Company mainly focuses on the domestic market. Both foreign sales and purchases are quoted in foreign currencies. The Company 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 Company. In addition, the Company continues to pay attention to exchange rate fluctuations in order to reduce the impact of exchange rate fluctuations on the Company.

For the carrying amounts of the Company's monetary assets and monetary liabilities denominated in foreign currencies at the balance sheet date, please refer to Note 32.

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 Taiwan dollar depreciates/appreciates by 5% against the US dollar, the Company's profit before income tax for 2025 and 2024 will reduce/increase by \$1,751 thousands and \$2,120 thousands, respectively.

(2) 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	\$ 6,286	\$ -
Financial liabilities	-	-
Cash flow interest rate risk		
Financial assets	231,391	99,580
Financial liabilities	90,000	35,667

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 2024 and 2023 would increase/decrease by \$353 thousand and \$160 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.

(3) Other price risk

The price risk of The Company's equity came from the investment of financial assets measured at fair value through profit and loss (mainly invested in the stocks of domestic companies which are listed or traded over the counter).

Sensitivity analysis

The following sensitivity analysis is based on the equity price risk at the statement of financial position date.

If the equity price increases/decreases by 0.5%, profit before taxes will increase/decrease by \$188 thousands and \$182 thousands from Jan. 1, 2025 to Dec. 31, 2025 and Jan. 1, 2024 to Dec. 31, 2024 due to the change in fair value of financial assets measured at fair value through profit and 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 Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due

to the financial guarantees provided by the Company, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

To mitigate credit risk and maintain the quality of Accounts receivable, the Company has established operating-related credit risk management procedures, and the Company also uses certain credit enhancement tools, such as payment for goods collected in advance and the acquisition of security deposits, at appropriate times to reduce customers' credit risk. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the statement of financial position date to ensure that appropriate impairment losses have been recorded for uncollectible receivables.

In 2025 and 2024, except for Company A, the Company's concentration of credit risk to other customers does not exceed 10% of the total Accounts receivable, and these companies have a long history and good repayment status, so the Company's related credit risk is not significant.

The credit risk is limited because the counter-parties of liquidity are financial institutions with good credit ratings, and therefore no significant credit risk is expected.

3. Liquidity risk

The Company copes with the operation and reduces the influence of cash flow fluctuations through the management and maintenance of sufficient amount of cash and cash equivalents. The management of the Company monitors the use of banking facilities and ensures compliance with the terms of borrowing contracts. The Company is able to meet its contractual obligations by maintaining appropriate capital and banking facilities. The Company's working capital is sufficient to meet its obligations, and therefore there is no liquidity risk that the Company will not be able to raise funds to meet its contractual obligations.

The unused funds of the credit agreements from the bank until December 31, 2025 and 2024 respectively are \$770,000 thousands and \$944,748 thousands.

The following table is based on the earliest possible period for which the Company may be required to make repayments and is prepared using undiscounted cash flows of financial liabilities, which include cash flows of interest and principal. The Company's working capital is sufficient to meet the demand.

December 31, 2025

	<u>Less than 1 Year</u>	<u>1 - 2 Years</u>	<u>2 - 3 Years</u>	<u>More than 3 Years</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>					
Short-term loans	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
Accounts payable	45,450	-	-	-	45,450
Other payables	69,870	-	-	-	69,870
Current income tax liabilities	34,563	-	-	-	34,563
Lease liabilities - current	11,136	-	-	-	11,136
Other current liabilities	4,199	-	-	-	4,199
Lease liabilities - non-current	-	11,866	9,346	8,653	29,865

December 31, 2024

	<u>Less than 1 Year</u>	<u>1 - 2 Years</u>	<u>2 - 3 Years</u>	<u>More than 3 Years</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>					
Accounts payable	45,095	-	-	-	45,095
Other payables	74,418	-	-	-	74,418
Current income tax liabilities	37,071	-	-	-	37,071
Lease liabilities - current	6,787	-	-	-	6,787
Long-term liabilities - current portion	17,667	-	-	-	17,667
Other current liabilities	5,044	-	-	-	5,044
Long-term loans	-	12,437	5,871	-	18,308
Lease liabilities - non-current	-	6,373	6,373	6,342	19,088

29. Transactions with related parties

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

(1) Names of related parties and their relationships

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Vietnam Caesar Sanitary Wares Joint Stock Company	Subsidiary
Kaisheng Sanitary Ware Co., Ltd.	Subsidiary
Jiada Hang Ltd.	Related party in substance - The chairperson of that company was the spouse of a relative of the chairperson of the Company within second degree of kinship
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.

(2) Operating revenue

Accounting item	Type of related party	2025	2024
Sales revenue	Subsidiary		
	Kaisheng Sanitary Ware Co., Ltd.	<u>\$ 142,360</u>	<u>\$ 165,414</u>
	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>
Other operating revenue	Subsidiary		
	Vietnam Caesar Sanitary Wares Joint Stock Company	<u>\$ 15,411</u>	<u>\$ 16,081</u>

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

The Company's sales to Kaisheng Sanitary Ware Co., Ltd. is a sale of sanitary porcelain goods. The selling price is based on the market price and gross profit, in accordance with the agreement. Payment is made within 30 days after the purchase from Kaisheng Sanitary Ware Co., Ltd., and is adjusted according to funding needs. The unrealized gross profit from sales in 2025 and 2024 was \$4,973 and \$7,182 thousands, respectively, recognized on unrealized gain on transactions with subsidiaries.

In 2018 and 2017, the Company entered into an agreement with Vietnam Caesar Sanitary Wares Joint Stock Company to amend the technical contract for the production of ceramics and entered into a management services contract to license and assist Vietnam Caesar Sanitary Wares Joint Stock Company in the marketing of the "CAESAR" brand, market development and technical support services in Vietnam. Vietnam Caesar Sanitary Wares Joint Stock Company shall pay the Company a management service fee of 2.5% of its annual sales amount (excluding the amount sold to the Company) on a quarterly basis, subject to a maximum annual amount of US\$500 thousands; the Company shall receive payment within two months after the end of each quarter, and adjust according to funding needs. The effective period of the aforementioned rate is one year, which is reviewed and revised by the parties upon annual renewal. The management service fee in 2025 and 2024 was recognized on other operating revenue.

(3) Purchases

Name/Type of related party	2025	2024
Subsidiary		
Vietnam Caesar Sanitary Wares Joint Stock Company	<u>\$ 429,461</u>	<u>\$ 526,618</u>

The Company's purchases from Vietnam Caesar Sanitary Wares Joint Stock Company is a purchase of sanitary porcelain goods. The purchase price is based on the market price and gross profit, in accordance with the agreement. Payment is made within 30 days after the shipment from Vietnam Caesar Sanitary Wares Joint Stock Company, and is adjusted according to funding needs. The unrealized gross profit from sales in 2025 and 2024 was \$27,999 thousands and \$22,119 thousands, respectively, recognized on share of profit (loss) of subsidiaries, associates and joint ventures.

(4)Receivables from related parties (excluding loans to related parties)

Accounting item	Type of related party	December 31	
		2025	2024
Accounts receivable from related parties	Subsidiary		
	Vietnam Caesar Sanitary Wares Joint Stock Company	\$ <u> -</u>	\$ <u> 3,777</u>
	Kaisheng Sanitary Ware Co., Ltd.	\$ <u> 10,135</u>	\$ <u> 13,504</u>
	Related party in substance Jiada Hang Ltd.	\$ <u> 1,742</u>	\$ <u> 4,640</u>

(5)Other receivables

Accounting item	Type of related party	December 31	
		2025	2024
Other receivables from related parties	Subsidiary		
	Vietnam Caesar Sanitary Wares Joint Stock Company	\$ <u> 3,238</u>	\$ <u> 5,793</u>
	Kaisheng Sanitary Ware Co., Ltd.	\$ <u> 114</u>	\$ <u> -</u>
	Related party in substance Jiada Hang Ltd.	\$ <u> 8</u>	\$ <u> 5</u>

(6)Payables from related parties (excluding loans to related parties)

Accounting item	Type of related party	December 31	
		2025	2024
Accounts payable from related parties	Subsidiary		
	Vietnam Caesar Sanitary Wares Joint Stock Company	\$ <u> 1,375</u>	\$ <u> 5,494</u>

(7) Endorsement guarantees

Type of related party	December 31	
	2025	2024
Subsidiary		
Vietnam Caesar Sanitary Wares Joint Stock Company	<u>\$ 22,001</u> (US\$ 700 thousand)	<u>\$ 16,393</u> (US\$ 500 thousand)

(8) Others

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 thousands and \$35,784 thousands in 2025 and 2024, respectively, and the balance of other receivables was \$3,238 thousands and \$5,793 thousands, respectively.

(9) Compensation of key management personnel

	2025	2024
Short-term employee benefits	\$ 27,380	\$ 27,926
Benefits after retirement	498	477
Share-based payment	-	417
	<u>\$ 27,878</u>	<u>\$ 28,820</u>

The remuneration of directors and other key management personnel is determined by the Compensation Committee based on individual performance and market trends.

30. Pledged assets

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>

31. Significant contingent liabilities and unrecognized contractual commitments

a. Significant commitments

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

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.

32. Foreign-currency-denominated assets and liabilities that have significant influence

The Company's significant financial assets and liabilities denominated in foreign currencies were as follows:

	December 31					
	2025			2024		
	Foreign Currency	Exchange Rate	NTS	Foreign Currency	Exchange Rate	NTS
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 1,306	31.43	\$ 41,048	\$ 1,461	32.785	\$ 47,889
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	192	31.43	6,035	167	32.785	5,494

33. Disclosures

(1) 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

(2) Information on investees: (Table 5)

(3) Information on investments in mainland China: None.

TABLE 1

SANITAR CO., LTD.
FINANCING PROVIDED TO OTHERS
From Jan. 1 to Dec. 31, 2025

Unit: NT\$ thousands (unless otherwise specified)

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	

SANITAR CO., LTD.
ENDORSEMENT FOR OTHER PARTIES
 From Jan. 1 to Dec. 31, 2025

Unit: NT\$ thousands (unless otherwise specified)

No.	Name of the Endorser/Guarantor	Guarantee party		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 (%)	Maximum endorsement/ guarantee amount allowable	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to entities in Mainland China	Note
		Company 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.

TABLE 3

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, 2024				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.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
From Jan. 1 to Dec. 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	36.14	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	3.29%	Note 1,2
Sanitar Co., Ltd.	Kaisheng Sanitary Ware Co., Ltd.	Investee accounted for using the equity method	Sale	142,360	7.64%	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	4.67%	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.

INFORMATION ON INVESTEEES
From Jan. 1 to Dec. 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, 2023			Net Income (Loss) of the Investee	Gain (loss) on investment recognized in the period	Note
				December 31, 2024	December 31, 2023	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%.

SANITAR CO., LTD.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

ITEM	STATEMENT INDEX
MAJOR ACCOUNTING ITEMS IN ASSETS, LIABILITIES AND EQUITY	
STATEMENT OF CASH AND CASH EQUIVALENTS	1
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS – CURRENT	2
STATEMENT OF NOTES RECEIVABLE	3
STATEMENT OF ACCOUNTS RECEIVABLE	4
STATEMENT OF INVENTORIES	5
STATEMENT OF PREPAYMENTS	6
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – CURRENT	7
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	8
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT	Note 14
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	Note 14
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS	9
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS	10
STATEMENT OF CHANGES IN INTANGIBLE ASSETS	Note 16
STATEMENT OF REFUNDABLE DEPOSITS	11
STATEMENT OF OTHER NON-CURRENT ASSETS	Note 17
STATEMENT OF ACCOUNTS PAYABLE	12
STATEMENT OF OTHER PAYABLES	Note 20
STATEMENT OF OTHER CURRENT LIABILITIES	13
STATEMENT OF LEASE LIABILITIES	14
MAJOR ACCOUNTING ITEMS IN PROFIT OR LOSS	
STATEMENT OF OPERATING REVENUE	15
STATEMENT OF OPERATING COSTS	16
STATEMENT OF OTHER OPERATING COSTS	17
STATEMENT OF OPERATING EXPENSES	18
STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION	Note 23

STATEMENT 1

SANITAR CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2025

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

Item	Description	Amount
Time deposits with original maturities of three months or less		\$ 6,286
Petty cash and revolving funds		495
Cash in banks		
Checking accounts		4,694
Demand deposits		<u>231,391</u>
		<u>\$ 242,866</u>

STATEMENT 2

SANITAR CO., LTD.

**STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE
THROUGH PROFIT OR LOSS – CURRENT
DECEMBER 31, 2025**

(In Thousands of New Taiwan Dollars)

Name of financial instrument	Number of Shares	Face value	Fair value	
			Unit price	Amount
Ordinary shares				
Golden Long Teng Development Co., Ltd.	251,000	10	30.15	\$ 7,568
Sunplus Innovation Technology Co., Ltd.	6,160	10	112.00	690
Ruentex Engineering & Construction Co., Ltd	7,000	10	29.80	208
Chicony Electronics Co., Ltd.	50,000	10	117.00	5,850
InnoLux Electronics Co., Ltd.	10,000	10	721.00	7,210
Lotus Pharmaceutical Co.,Ltd	57,000	10	283.00	<u>16,131</u>
				<u>\$ 37,657</u>

STATEMENT 3

SANITAR CO., LTD.

**STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2025**

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Non-related parties		
A company	Payment for goods	\$ 4,055
B company	Payment for goods	1,688
C company	Payment for goods	1,145
Others (Note)	Payment for goods	<u>9,561</u>
		<u>\$ 16,449</u>

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

STATEMENT 4

SANITAR CO., LTD.

**STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2025**

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Related parties		
Jiada Hang Ltd.	Payment for goods	\$ 1,742
Kaisheng Sanitary Ware Co., Ltd.	Payment for goods	<u>10,135</u>
		<u>\$ 11,877</u>
Non-related parties		
Client A	Payment for goods	\$ 46,081
Client B	Payment for goods	31,787
Client C	Payment for goods	15,328
Others (Note)	Payment for goods	<u>101,585</u>
		194,781
Less: Allowance for impairment loss		(<u>5,880</u>)
		<u>\$ 188,901</u>

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

STATEMENT 5**SANITAR CO., LTD.****STATEMENT OF INVENTORIES
DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Item	Cost	Lower of Cost or Market Price	
		Price Decrease	Price Premium
Merchandise inventories	\$ 263,752	(\$ 81)	\$ 778,544
Less: Allowance for impaired inventory	(81)	-	-
	<u>263,671</u>	(81)	<u>778,544</u>
Stagnant inventory			
Merchandise inventories	23,904	(23,904)	-
Less: Allowance for impaired inventory	(23,904)	-	-
	-	(23,904)	-
	<u>\$ 263,671</u>	<u>(\$ 23,985)</u>	<u>\$ 778,544</u>

Note: The market price is based on net realizable value.

STATEMENT 6

SANITAR CO., LTD.

STATEMENT OF PREPAYMENTS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Other prepaid expenses	Prepaid insurance, etc.	\$ 3,412
	Inventory of supply	<u>220</u>
		<u>\$ 3,632</u>
Prepayments for goods	Vendor V	\$ 2,619
	Vendor T	1,789
	Vendor Z	1,165
	Vendor S	1,103
	Vendor Y	679
	Others	<u>2,392</u>
		<u>\$ 9,747</u>

SANITAR CO., LTD.
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – CURRENT
From Jan. 1 to Dec. 31, 2025

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

Name of financial instrument	Number of Shares	Face value	Fair value		Information on pledged assets
			Unit price	Amount	
TLW Co., Ltd. Overseas corporate bonds	500,000	10	58.00	\$ 29,000	
KOREA HYDRO & NUCLEAR POWER CO., LTD. Issue of US\$500,000,000 Floating Rate Notes due 2030	200,000	USD 1	31.58 (USD1.0058)	6,316	
				<u>\$ 35,316</u>	

SANITAR CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
From Jan. 1 to Dec. 31, 2025

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

Name of Securities	Beginning Balance		Increase in Investment		Decrease in Investment		Share of Profit (Loss)	Unrealized Profit	Ending Balance		Net Equity (Note 1)			
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	Percentage of Ownership (%)	Amount	Unit Price	Total Amount	Collateral
Domestic and foreign unlisted companies														
Vietnam Caesar Sanitary Wares Joint Stock Company(Note 2)	41,878	\$ 1,360,403	-	\$ -	-	(\$ 107,495)	50,154	\$ -	41,878	99.993	\$ 1,303,062	31.78	\$ 1,331,061	None
Kaisheng Sanitary Ware Co., Ltd. (Note 3)	1,836	25,420	-	-	-	(2,754)	3,767	2,209	1,836	51	28,642	15.60	28,642	None
Polarc co., LTD (Note 5)	-	<u>10,950</u>	-	<u>9,713</u>	-	<u>(1,097)</u>	<u>(2,602)</u>	<u>-</u>	-	57.33	<u>16,964</u>	-	<u>-</u>	None
		<u>1,396,773</u>		<u>9,713</u>		<u>(\$ 111,346)</u>	<u>\$ 51,319</u>	<u>\$ 2,209</u>			<u>1,348,668</u>		<u>1,359,703</u>	

Note 1: Calculated by applying the percentage of ownership of the Company to the net equity on the financial statements of the investee companies audited by CPAs.

Note 2: The decrease in the current period is due to the exchange differences on translating the financial statements of foreign operations of \$107,495 thousand.

Note 3: The decrease in this period is due to the payment of cash dividends of \$2,754 thousand.

Note 4: The increase in Viet Nam Palace Caesar Co., Ltd. consists of an additional investment of NT\$10,411 thousand during the period and a decrease of NT\$698 thousand due to changes in equity interest; the decrease also includes an exchange difference of NT\$1,097 thousand arising from the translation of the financial statements of the overseas operating entity.

Note 5: The difference between the net value and the carrying amount is the ending balance of unrealized profits of upstream sales of \$27,999 thousand.

STATEMENT 9

SANITAR CO., LTD.

**STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
DECEMBER 31, 2025**

(In Thousands of New Taiwan Dollars)

Item	Beginning Balance	Increase in Assets	Decrease in Assets	Ending Balance	Note
Building	<u>\$ 65,368</u>	<u>\$ 24,968</u>	<u>\$ -</u>	<u>\$ 90,336</u>	

STATEMENT 10

SANITAR CO., LTD.

**STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF
RIGHT-OF-USE ASSETS
DECEMBER 31, 2025**

(In Thousands of New Taiwan Dollars)

Item	Beginning Balance	Increase in Assets	Decrease in Assets	Ending Balance	Note
Building	<u>\$ 40,536</u>	<u>\$ 10,751</u>	<u>\$ -</u>	<u>\$ 51,287</u>	

SANITAR CO., LTD.

**STATEMENT OF REFUNDABLE DEPOSITS
DECEMBER 31, 2025**

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Refundable deposits	Security deposits for warehouses, offices, etc.	\$ 1,071
	Notes of refundable deposits	1,193
	Others	<u>713</u>
		<u>\$ 2,977</u>

SANITAR CO., LTD.

**STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2025**

(In Thousands of New Taiwan Dollars)

Vendor Name	Description	Amount
Non-related parties		
Vendor A	Payment for goods	\$ 8,616
Vendor B	Payment for goods	6,462
Vendor C	Payment for goods	3,487
Vendor D	Payment for goods	2,610
Vendor E	Payment for goods	2,060
Others (Note)	Payment for goods	<u>17,215</u>
		<u>\$ 40,450</u>

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

SANITAR CO., LTD.

STATEMENT OF OTHER CURRENT LIABILITIES

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Tax payable	Sales tax	\$ 3,377
Collections	Premium for the insurance of employees, etc.	<u>822</u>
		<u>\$ 4,199</u>

SANITAR CO., LTD.

**STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2025**

(In Thousands of New Taiwan Dollars)

Item	Description	Lease Term	Discount Rate (%)	Ending Balance	Note
Buildings	Exhibition center	2018/4/4-2028/5/31	2.35-2.59	<u>\$ 40,004</u>	

SANITAR CO., LTD.**STATEMENT OF OPERATING REVENUE****From Jan. 1 to Dec. 31, 2025****(In Thousands of New Taiwan Dollars)**

Item	Description	Number	Amount
Porcelain sanitary ware	Toilets, sinks, stands and urinals, etc.	550,000 pcs	\$ 850,607
Water outlets	Faucets and showers, etc.	1,233,000 pcs	318,070
Electronic automated products	Electronic bidet seats, etc.	96,000 pcs	268,074
Bath cabinet		292,000 pcs	173,254
Bathtubs		207,000 pcs	41,147
Others	Mirrors and accessories, etc.		<u>179,057</u>
			<u>1,830,209</u>
Other operating revenue	Management service fee		15,411
	Revenue from maintenance		<u>17,471</u>
			<u>32,882</u>
			<u>\$ 1,863,091</u>

STATEMENT 16

SANITAR CO., LTD.

STATEMENT OF OPERATING COSTS

From Jan. 1 to Dec. 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount
Merchandise inventory, beginning of year	\$ 298,926
Add: Purchases of merchandise inventory, net	1,188,283
Less: Loss on physical counts	63
Less: Retirement of inventory	(630)
Less: Transferred to other operating costs - maintenance material expenses	(4,250)
Less: Transferred to administrative expenses - donations	(286)
Less: Transferred to administrative expenses - other	(310)
Less: Merchandise inventory, end of year	(287,656)
Loss on retirement of inventory	(63)
Loss on physical counts	630
Inventory write-downs	<u>6,364</u>
Cost of goods sold	<u>\$ 1,201,071</u>

SANITAR CO., LTD.

STATEMENT OF OTHER OPERATING COSTS

From Jan. 1 to Dec. 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount
Salary expense	\$ 33,459
Maintenance expense	4,250
Insurance expense	3,493
Others (Note)	<u>14,019</u>
	<u>\$ 55,221</u>

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

SANITAR CO., LTD.**STATEMENT OF OPERATING EXPENSES****From Jan. 1 to Dec. 31, 2025****(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Salary expense	\$ 69,616	\$ 71,044	\$ 5,833	\$ 146,493
Freight expense	16,976	4	79	17,059
Insurance expense	7,119	8,309	521	15,949
Advertising fee	43,726	111	-	43,837
Depreciation expense	16,868	10,258	600	27,726
Others (Note)	<u>30,571</u>	<u>22,425</u>	<u>5,258</u>	<u>58,254</u>
	<u>\$ 184,876</u>	<u>\$ 112,151</u>	<u>\$ 12,291</u>	<u>309,318</u>
Expected credit loss				<u>28,977</u>
				<u>\$ 338,295</u>

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