

**Yuen Foong Yu Consumer Products  
Co., Ltd.**

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

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Yuen Foong Yu Consumer Products Co., Ltd.

### **Opinion**

We have audited the accompanying parent company only financial statements of Yuen Foong Yu Consumer Products Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2025 and 2024, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies (collectively referred to as the "parent company only financial statements").

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagement of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion based on our audits and the report of other auditors.

### **Key Audit Matter**

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the parent company only financial statements for the year ended December 31, 2025. The matter was addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

The key audit matter identified in the Company's parent company only financial statements for the year ended December 31, 2025 is as follows:

#### Valuation of Receivables

The Company has a large number of customers and its notes and accounts receivable are material in amount. When evaluating the impairment of receivables, the management estimated the loss allowance based on the lifetime expected credit loss. The valuation of receivables involves accounting estimates and assumptions determined by the management. Therefore, we considered the valuation of receivables as a key audit matter.

For the disclosures related to receivables, refer to Notes 4, 5 and 7 to the parent company only financial statements.

Our audit procedures for the abovementioned key audit matter included the following:

1. We obtained the reports on impaired receivables and assessed the reasonableness of the methodology and data used in the reports.
2. We tested the receivables aging schedule and reviewed the calculation of expected credit loss for reasonableness of the recognized expected credit loss on receivables.
3. We tested the recoverability of receivables by analyzing overdue accounts and by verifying cash receipts in the subsequent period. For a receivable that was past due but not yet received, we assessed the reasonableness of the expected credit loss based on the customer's payment history, customer's credit policy control and tracking of overdue receivables.

#### **Other Matter**

Among the investments accounted for using the equity method in the Company's parent company-only financial statements, we have not audited the financial statements for the years ended December 31, 2025 and 2024 of Livebricks Inc., which is investee of Yuen Foong Shop Company, Ltd. and is accounted for using the equity method, and it has instead been audited by other accountants. Therefore, in our expression of an opinion on the above-mentioned parent company-only financial statements, the amounts listed in the financial statements are based on the audit reports of other accountants. The investment amounts accounted for using the equity method and audited by other accountants as of December 31, 2025 and 2024, were NT\$28,276 thousand and NT\$26,724 thousand, respectively, both representing 0.3% of total assets. For the years ended December 31, 2025 and 2024, the share of profits and losses from subsidiaries accounted for using the equity method amounted to NT\$22,811 thousand and NT\$23,462 thousand, respectively, representing 3.2% and 2.5% of total comprehensive income.

#### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

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

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

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

### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 the Company 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 disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Yi-Ling Chen and Shu-Jiuan Ye.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 24, 2026

#### Notice to Readers

*The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.*

# YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

## PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars)

ASSETS	2025		2024	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 340,725	4	\$ 295,757	3
Notes and accounts receivable (Notes 4, 5, 7 and 15)	880,841	9	884,662	10
Accounts receivable from related parties (Notes 4, 5, 15 and 21)	137,439	1	228,751	2
Inventories (Notes 4 and 8)	526,080	5	398,769	4
Other current assets (Note 21)	<u>276,852</u>	<u>3</u>	<u>188,438</u>	<u>2</u>
Total current assets	<u>2,161,937</u>	<u>22</u>	<u>1,996,377</u>	<u>21</u>
<b>NON-CURRENT ASSETS</b>				
Investments accounted for using equity method (Notes 4 and 9)	3,842,302	39	3,811,683	41
Property, plant and equipment (Notes 4, 10 and 21)	3,440,577	35	3,285,972	35
Right-of-use assets (Notes 4 and 11)	374,220	4	145,568	2
Deferred tax assets (Notes 4 and 17)	2,191	-	1,283	-
Other non-current assets (Notes 4 and 13)	<u>51,062</u>	<u>-</u>	<u>101,175</u>	<u>1</u>
Total non-current assets	<u>7,710,352</u>	<u>78</u>	<u>7,345,681</u>	<u>79</u>
<b>TOTAL ASSETS</b>	<u>\$ 9,872,289</u>	<u>100</u>	<u>\$ 9,342,058</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 12)	\$ 100,000	1	\$ 199,000	2
Notes and accounts payable	239,217	2	313,960	3
Accounts payable to related parties (Note 21)	246,194	2	275,462	3
Other payables (Note 21)	911,013	9	848,433	9
Current tax liabilities (Note 4)	156,782	2	109,668	1
Lease liabilities - current (Notes 4 and 11)	96,062	1	55,855	1
Current portion of long-term borrowings (Note 12)	270,000	3	-	-
Other current liabilities (Note 15)	<u>49,553</u>	<u>1</u>	<u>37,942</u>	<u>1</u>
Total current liabilities	<u>2,068,821</u>	<u>21</u>	<u>1,840,320</u>	<u>20</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 12)	1,663,740	17	1,565,230	17
Deferred tax liabilities (Notes 4 and 17)	60,582	1	59,831	-
Lease liabilities - non-current (Notes 4 and 11)	282,374	3	93,273	1
Other non-current liabilities	<u>22,500</u>	<u>-</u>	<u>19,870</u>	<u>-</u>
Total non-current liabilities	<u>2,029,196</u>	<u>21</u>	<u>1,738,204</u>	<u>18</u>
Total liabilities	<u>4,098,017</u>	<u>42</u>	<u>3,578,524</u>	<u>38</u>
<b>EQUITY (Notes 4, 9 and 14)</b>				
Share capital				
Ordinary shares	<u>2,671,290</u>	<u>27</u>	<u>2,671,290</u>	<u>29</u>
Capital surplus	<u>1,190,107</u>	<u>12</u>	<u>1,214,116</u>	<u>13</u>
Retained earnings				
Legal reserve	571,502	6	496,770	5
Special reserve	-	-	139,362	2
Unappropriated earnings	<u>1,389,149</u>	<u>14</u>	<u>1,195,854</u>	<u>13</u>
Total retained earnings	<u>1,960,651</u>	<u>20</u>	<u>1,831,986</u>	<u>20</u>
Other equity	<u>(47,776)</u>	<u>(1)</u>	<u>46,142</u>	<u>-</u>
Total equity	<u>5,774,272</u>	<u>58</u>	<u>5,763,534</u>	<u>62</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 9,872,289</u>	<u>100</u>	<u>\$ 9,342,058</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated February 24, 2026)

# YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
NET SALES (Notes 4, 15 and 21)	\$ 7,482,588	100	\$ 7,362,950	100
COST OF GOODS SOLD (Notes 4, 8, 11, 13, 16 and 21)	<u>(5,341,344)</u>	<u>(72)</u>	<u>(5,381,399)</u>	<u>(73)</u>
GROSS PROFIT	<u>2,141,244</u>	<u>28</u>	<u>1,981,551</u>	<u>27</u>
OPERATING EXPENSES (Notes 4, 11, 13, 16 and 21)				
Selling and marketing	(944,764)	(13)	(847,559)	(12)
General and administrative	(301,039)	(4)	(272,288)	(4)
Research and development	<u>(34,924)</u>	<u>-</u>	<u>(34,074)</u>	<u>-</u>
Total operating expenses	<u>(1,280,727)</u>	<u>(17)</u>	<u>(1,153,921)</u>	<u>(16)</u>
PROFIT FROM OPERATIONS	<u>860,517</u>	<u>11</u>	<u>827,630</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 4 and 16)	(35,444)	-	(22,789)	-
Share of profit (loss) of subsidiaries (Notes 4 and 9)	169,510	2	122,782	2
Interest income (Note 4)	4,746	-	4,979	-
Loss on disposal of property, plant and equipment (Note 4)	(1,246)	-	(25,078)	(1)
Other gains and losses (Notes 10, 16 and 22)	<u>(14,566)</u>	<u>-</u>	<u>(9,327)</u>	<u>-</u>
Total non-operating income and expenses	<u>123,000</u>	<u>2</u>	<u>70,567</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	983,517	13	898,197	12
INCOME TAX EXPENSE (Notes 4 and 17)	<u>(174,795)</u>	<u>(2)</u>	<u>(155,084)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>808,722</u>	<u>11</u>	<u>743,113</u>	<u>10</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 13)	1,402	-	5,252	-
Tax effect of items that will not be reclassified (Notes 4 and 17)	(280)	-	(1,050)	-

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# YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income (loss) of subsidiaries	\$ (93,918)	(1)	\$ 185,504	3
Other comprehensive income (loss) for the year, net of income tax	(92,796)	(1)	189,706	3
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>\$ 715,926</b>	<b>10</b>	<b>\$ 932,819</b>	<b>13</b>
<b>EARNINGS PER SHARE (Note 18)</b>				
Basic	\$ 3.03		\$ 2.78	
Diluted	\$ 3.02		\$ 2.78	

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

(With Deloitte & Touche auditors' report dated February 24, 2026)

(Concluded)

**YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.**

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

	Share Capital (Note 14)		Capital Surplus (Note 14)	Retained Earnings (Note 14)			Total	Other Equity Exchange Differences on Translation of Foreign Financial Statements (Note 4)	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2024	267,129	\$ 2,671,290	\$ 1,214,116	\$ 400,456	\$ 102,683	\$ 1,382,919	\$ 1,886,058	\$ (139,362)	\$ 5,632,102
Appropriation of 2023 earnings									
Legal reserve	-	-	-	96,314	-	(96,314)	-	-	-
Special reserve	-	-	-	-	36,679	(36,679)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(801,387)	(801,387)	-	(801,387)
Net profit for the year ended December 31, 2024	-	-	-	-	-	743,113	743,113	-	743,113
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	-	4,202	4,202	185,504	189,706
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	-	747,315	747,315	185,504	932,819
BALANCE AT DECEMBER 31, 2024	267,129	2,671,290	1,214,116	496,770	139,362	1,195,854	1,831,986	46,142	5,763,534
Appropriation of 2024 earnings									
Legal reserve	-	-	-	74,732	-	(74,732)	-	-	-
Reversed special reserve	-	-	-	-	(139,362)	139,362	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(681,179)	(681,179)	-	(681,179)
Net profit for the year ended December 31, 2025	-	-	-	-	-	808,722	808,722	-	808,722
Other comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	-	1,122	1,122	(93,918)	(92,796)
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	-	809,844	809,844	(93,918)	715,926
Differences between equity purchase price and carrying amount from actual acquisition of equity in subsidiary	-	-	(24,009)	-	-	-	-	-	(24,009)
BALANCE AT DECEMBER 31, 2025	267,129	\$ 2,671,290	\$ 1,190,107	\$ 571,502	\$ -	\$ 1,389,149	\$ 1,960,651	\$ (47,776)	\$ 5,774,272

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

(With Deloitte & Touche auditors' report dated February 24, 2026)

# YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

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

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 983,517	\$ 898,197
Adjustments for:		
Depreciation expense	333,726	289,833
Expected credit loss recognized (reversed)	(1)	32
Finance costs	35,444	22,789
Interest income	(4,746)	(4,979)
Share of loss (profit) of subsidiaries	(169,510)	(122,782)
Loss on disposal of property, plant and equipment	1,246	25,078
Write-downs (reversal of write-downs) of inventories	4,543	(418)
Unrealized loss on foreign currency exchange	87	70
Gain from lease modification	(11)	-
Loss from disaster	-	16,906
Changes in operating assets and liabilities		
Notes and accounts receivable	3,792	(68,127)
Accounts receivable from related parties	91,314	(80,152)
Inventories	(131,854)	(12,817)
Other current assets	(93,341)	(53,542)
Net defined benefit assets	(2,355)	(2,200)
Notes and accounts payable	(74,719)	15,319
Accounts payable to related parties	(29,268)	39,416
Other payables	72,896	49,217
Other current liabilities	<u>14,240</u>	<u>7,158</u>
Cash generated from operations	1,035,000	1,018,998
Interest received	4,826	4,915
Dividends received	93,680	62,955
Interest paid	(35,132)	(22,218)
Income tax paid	<u>(128,118)</u>	<u>(196,930)</u>
Net cash generated from operating activities	<u>970,256</u>	<u>867,720</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash outflow from acquisition of subsidiary under common control	(73,200)	-
Payments for property, plant and equipment	(369,507)	(1,105,335)
Proceeds from disposal of property, plant and equipment	4,219	2,612
Increase in other non-current assets	<u>(6,240)</u>	<u>(2,784)</u>
Net cash used in investing activities	<u>(444,728)</u>	<u>(1,105,507)</u>

(Continued)

# YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

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

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	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments of) short-term borrowings	\$ (99,000)	\$ 199,000
Proceeds from long-term borrowings	368,510	804,900
Repayment of the principal portion of lease liabilities	(68,891)	(56,722)
Distribution of cash dividends	<u>(681,179)</u>	<u>(801,387)</u>
Net cash (used in) generated from financing activities	<u>(480,560)</u>	<u>145,791</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	44,968	(91,996)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>295,757</u>	<u>387,753</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 340,725</u>	<u>\$ 295,757</u>

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

(With Deloitte & Touche auditors' report dated February 24, 2026)

(Concluded)

# YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

## NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Yuen Foong Yu Consumer Products Co., Ltd. (the “Company”), formerly known as Laiya Co., Ltd., was established and invested by YFY Inc. in October 1986. YFY Inc. held 59.15% of the Company’s shares as of December 31, 2025. The Company was renamed Yuen Foong Yu Consumer Products Co., Ltd. in April 2006. In line with YFY Inc.’s operating strategy to carry out integration, the Company acquired assets, liabilities and business of the household products division that was split from YFY Inc., in accordance with the Business Mergers and Acquisitions Act in October 2007. The Company’s main business items are paper products, paper processed products and household cleaning supplies. The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since September 2021.

The parent company only financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on February 24, 2026.

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

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

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

- c. The IFRS Accounting Standards issued by International Accounting Standards Board (IASB), but not yet endorsed and issued into effect by the FSC

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

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

#### IFRS 18 “Presentation and Disclosure in Financial Statements” and consequential amendments

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Company shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

- The Company shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.

- Interest and dividends received by the Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Company has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the impacts that the amended standards and interpretations may have on the Company's financial position and financial performance and will disclose the relevant impacts when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **a. Statement of compliance**

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

##### **b. Basis of preparation**

The parent company only financial statements have been prepared on the historical cost basis except for the net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets (liabilities).

Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

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

##### **c. Classification of current and non-current assets and liabilities**

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have an unconditional right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting the parent company only financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries and associates in other countries or those that use currencies different from the currency of the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

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

f. Investments in subsidiaries

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

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

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

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

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

Any excess of acquisition cost over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the acquisition date is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the acquisition cost is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the estimated recoverable amount with the carrying amount based on the investee's financial statements as a whole. If the recoverable amount of the investment subsequently increases, the Company will recognize a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. In addition, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

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

g. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

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

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

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

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

i. Financial instruments

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets held by the Company are classified as financial assets at amortized cost.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets at amortized cost (including accounts receivable) at the end of each reporting period.

The Company always recognizes lifetime ECLs for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

ECLs reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

## 2) Equity instruments

Equity instruments issued by the Company are classified as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

## 3) Financial liabilities

### a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

### b) Derecognition of financial liabilities

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

## j. Carbon fee provision

In accordance with the Regulations Governing the Collection of Carbon Fees and related regulations of the ROC, the carbon fee provision is recognized and measured on the basis of the best estimate of the expenditure required to settle the obligation for the current year.

## k. Revenue recognition

The Company identifies contracts with customers and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods is recognized when the goods are delivered to the customer's specific location and the performance obligation is satisfied because it is the time when customers have obtained control of the promised goods.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable and reduced for estimated customer returns, rebates and other similar allowances. Estimated sales returns and allowances is generally made and adjusted based on historical experience and the consideration of varying contractual terms to recognize refund liabilities.

Due to the short-term nature of the receivables from the sale of goods with the immaterial discounted effect, the Company measures them at their original invoice amounts without discounting.

## l. Leases

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

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

Right-of-use assets are initially measured at cost (the initial measurement of lease liabilities), and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments (fixed payments). The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Company remeasures the lease liability with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of a right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

m. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

o. Taxation

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

1) Current tax

Income tax payable is based on taxable profit for the year determined according to the applicable tax laws of each tax jurisdiction.

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred tax

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

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

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

### Estimated Impairment of Receivables

The provision for impairment of receivables is based on assumptions on probability of default and loss given default ratio. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<b>2025</b>	<b>2024</b>
Cash on hand	\$ 251	\$ 233
Checking accounts and demand deposits	110,474	60,345
Cash equivalents (investments with original maturities of three months or less)		
Repurchase agreements collateralized by bonds	<u>230,000</u>	<u>235,179</u>
	<u>\$ 340,725</u>	<u>\$ 295,757</u>

## 7. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<b>2025</b>	<b>2024</b>
Notes receivable - operating	\$ 10,860	\$ 13,240
Accounts receivable - operating	870,012	871,454
Less: Allowance for impairment loss	<u>(31)</u>	<u>(32)</u>
	<u>\$ 880,841</u>	<u>\$ 884,662</u>

The Company's customers are a large number of unrelated customers that did not create concentration of credit risk.

For the accounts receivable that were past due at the end of the reporting period, the Company did not recognize an allowance for impairment loss because there was no significant change in credit quality and the amounts were still considered recoverable. The Company held adequate collaterals or other credit enhancements for these receivables.

The Company applies the simplified approach to providing for expected credit losses, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the GDP forecasts and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

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

The following table details the loss allowance of trade receivables based on the Company's provision matrix:

December 31, 2025

	Not Past Due	Up to 90 Days	91 Days to 180 Days	181 Days to 360 Days	Over 361 Days	Total
Gross carrying amount	\$ 880,577	\$ 266	\$ -	\$ -	\$ 29	\$ 880,872
Loss allowance (Lifetime ECLs)	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29)</u>	<u>(31)</u>
	<u>\$ 880,575</u>	<u>\$ 266</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 880,841</u>

December 31, 2024

	Not Past Due	Up to 90 Days	91 Days to 180 Days	181 Days to 360 Days	Over 361 Days	Total
Gross carrying amount	\$ 883,711	\$ 954	\$ -	\$ 29	\$ -	\$ 884,694
Loss allowance (Lifetime ECLs)	<u>(2)</u>	<u>(1)</u>	<u>-</u>	<u>(29)</u>	<u>-</u>	<u>(32)</u>
	<u>\$ 883,709</u>	<u>\$ 953</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 884,662</u>

The movements of the loss allowance of trade receivables were as follows:

	2025	2024
Balance at January 1	\$ 32	\$ -
Net remeasurement of loss allowance (gain on reversal)	<u>(1)</u>	<u>32</u>
Balance at December 31	<u>\$ 31</u>	<u>\$ 32</u>

## 8. INVENTORIES

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Materials	\$ 73,302	\$ 102,430
Work in process	156,034	67,585
Finished and purchased goods	<u>296,744</u>	<u>228,754</u>
	<u>\$ 526,080</u>	<u>\$ 398,769</u>

Write-down of inventories to net realizable value and reversal of write-down of inventories resulting from the increase in net realizable value were included in the cost of revenue, which were as follows. Due to the disposal of inventories which were written down, the net realizable value of inventory increased.

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Net reversal of write-down of inventories (inventory write-down losses)	<u>\$ (4,543)</u>	<u>\$ 418</u>

## 9. INVESTMENTS IN SUBSIDIARIES ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Non-listed (public) companies		
Yuen Foong Yu Consumer Products Investment Limited	\$ 3,390,001	\$ 3,422,493
Ever Growing Agriculture Bio-tech Co., Ltd.	319,168	269,577
Yuen Foong Shop Co., Ltd.	132,794	119,613
YFY Consumer Products, Co.	<u>339</u>	<u>-</u>
	<u>\$ 3,842,302</u>	<u>\$ 3,811,683</u>

The Company's proportion of ownership and voting rights of its subsidiaries as of the balance sheet date were as follows:

Name of Subsidiaries	<u>Proportion of Ownership and Voting Rights</u>	
	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Yuen Foong Yu Consumer Products Investment Limited	100%	100%
Ever Growing Agriculture Bio-tech Co., Ltd. (Note)	100%	85%
Yuen Foong Shop Co., Ltd.	100%	100%
YFY Consumer Products, Co.	100%	100%

Note: On March 13, 2025, the Company's board of directors resolved to acquire 15% equity of Ever Growing Agriculture Bio-tech Co., Ltd. from a related party, Chen Yu Co., Ltd. for \$73,200 thousand. The transaction was completed in the first quarter of 2025. The difference of \$24,009 thousand between the acquisition price and the book value was adjusted to the capital surplus.

## 10. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Electric Equipment	Tools	Miscellaneous Equipment	Property in Construction	Total
<u>Cost</u>								
Balance at January 1, 2025	\$ 1,185,747	\$ 767,314	\$ 2,534,204	\$ 270,564	\$ 183,369	\$ 233,027	\$ 241,633	\$ 5,415,858
Additions	-	17,603	215,849	83,402	12,013	32,801	62,440	424,108
Disposals	-	(615)	(51,197)	(2,211)	(7,645)	(2,125)	-	(63,793)
Reclassifications	-	40,689	250,385	6,227	6,772	-	(304,073)	-
Balance at December 31, 2025	<u>\$ 1,185,747</u>	<u>\$ 824,991</u>	<u>\$ 2,949,241</u>	<u>\$ 357,982</u>	<u>\$ 194,509</u>	<u>\$ 263,703</u>	<u>\$ -</u>	<u>\$ 5,776,173</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2025	\$ -	\$ 380,876	\$ 1,308,289	\$ 124,810	\$ 119,076	\$ 196,835	\$ -	\$ 2,129,886
Depreciation expenses	-	29,976	175,714	21,563	21,468	15,317	-	264,038
Disposals	-	(615)	(46,341)	(1,727)	(7,520)	(2,125)	-	(58,328)
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 410,237</u>	<u>\$ 1,437,662</u>	<u>\$ 144,646</u>	<u>\$ 133,024</u>	<u>\$ 210,027</u>	<u>\$ -</u>	<u>\$ 2,335,596</u>
Carrying amounts at January 1, 2025	<u>\$ 1,185,747</u>	<u>\$ 386,438</u>	<u>\$ 1,225,915</u>	<u>\$ 145,754</u>	<u>\$ 64,293</u>	<u>\$ 36,192</u>	<u>\$ 241,633</u>	<u>\$ 3,285,972</u>
Carrying amounts at December 31, 2025	<u>\$ 1,185,747</u>	<u>\$ 414,754</u>	<u>\$ 1,511,579</u>	<u>\$ 213,336</u>	<u>\$ 61,485</u>	<u>\$ 53,676</u>	<u>\$ -</u>	<u>\$ 3,440,577</u>
<u>Cost</u>								
Balance at January 1, 2024	\$ 675,822	\$ 733,541	\$ 2,552,730	\$ 294,676	\$ 175,174	\$ 222,182	\$ -	\$ 4,654,125
Additions	509,925	35,803	57,931	7,415	27,020	23,950	241,633	903,677
Disposals	-	-	(76,457)	(7,119)	(18,825)	(3,594)	-	(105,995)
Loss from disaster (Note)	-	(2,030)	-	(24,408)	-	(9,511)	-	(35,949)
Balance at December 31, 2024	<u>\$ 1,185,747</u>	<u>\$ 767,314</u>	<u>\$ 2,534,204</u>	<u>\$ 270,564</u>	<u>\$ 183,369</u>	<u>\$ 233,027</u>	<u>\$ 241,633</u>	<u>\$ 5,415,858</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2024	\$ -	\$ 352,606	\$ 1,208,183	\$ 119,589	\$ 115,739	\$ 198,404	\$ -	\$ 1,994,521
Depreciation expenses	-	28,337	152,896	19,182	21,022	11,276	-	232,713
Disposals	-	-	(52,790)	(4,236)	(17,685)	(3,594)	-	(78,305)
Loss from disaster (Note)	-	(67)	-	(9,725)	-	(9,251)	-	(19,043)
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 380,876</u>	<u>\$ 1,308,289</u>	<u>\$ 124,810</u>	<u>\$ 119,076</u>	<u>\$ 196,835</u>	<u>\$ -</u>	<u>\$ 2,129,886</u>
Carrying amounts at January 1, 2024	<u>\$ 675,822</u>	<u>\$ 380,935</u>	<u>\$ 1,344,547</u>	<u>\$ 175,087</u>	<u>\$ 59,435</u>	<u>\$ 23,778</u>	<u>\$ -</u>	<u>\$ 2,659,604</u>
Carrying amounts at December 31, 2024	<u>\$ 1,185,747</u>	<u>\$ 386,438</u>	<u>\$ 1,225,915</u>	<u>\$ 145,754</u>	<u>\$ 64,293</u>	<u>\$ 36,192</u>	<u>\$ 241,633</u>	<u>\$ 3,285,972</u>

Note: The loss from disaster of NT\$16,906 thousand is accounted as other expenses.

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

Buildings	3-55 years
Machinery	3-20 years
Electric equipment	3-20 years
Tools	3-10 years
Miscellaneous equipment	3-10 years

According to the operational requirements, the Company's land which land parcel number are 109, 125, 540, 541 and 542 in Taichung City were bought in 2024, because the purchased agricultural land could not be transferred in the name of the Company, it was temporarily registered in the name of the registrant, with whom a contract of borrowing other's name for real estate registration was signed to clearly define the rights and obligations of both parties, declare the ownership of agricultural land is belongs to the Company. The land ownership certificate is held by the Company and mortgage these agricultural lands to the Company when registered the property rights.

## 11. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Carrying amounts</u>		
Buildings	\$ 359,463	\$ 127,687
Others	<u>14,757</u>	<u>17,881</u>
	<u>\$ 374,220</u>	<u>\$ 145,568</u>
	<b><u>For the Year Ended December 31</u></b>	
	<b><u>2025</u></b>	<b><u>2024</u></b>
Additions to right-of-use assets	<u>\$ 301,438</u>	<u>\$ 21,556</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 62,633	\$ 50,430
Others	<u>7,055</u>	<u>6,690</u>
	<u>\$ 69,688</u>	<u>\$ 57,120</u>

Except for the aforementioned additions and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2025 and 2024.

### b. Lease liabilities

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Carrying amounts</u>		
Current	<u>\$ 96,062</u>	<u>\$ 55,855</u>
Non-current	<u>\$ 282,374</u>	<u>\$ 93,273</u>

Range of discount rates for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Buildings	0.86%-1.53%	0.86%-1.52%
Others	0.86%-1.53%	0.86%-1.52%

### c. Material lease-in activities and terms

The Company leases certain equipment and buildings for the use of operating activities with lease terms of 2 to 12 years.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 75,654</u>	<u>\$ 51,142</u>
Total cash outflow for leases	<u>\$ 146,946</u>	<u>\$ 109,600</u>

## 12. BORROWINGS

a. Short-term borrowings

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Bank credit loans	<u>\$ 100,000</u>	<u>\$ 199,000</u>
Annual interest rates	1.82%	1.83%

b. Long-term borrowings

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Bank credit loans	\$ 1,933,740	\$ 1,565,230
Less: Current portion	<u>(270,000)</u>	<u>-</u>
	<u>\$ 1,663,740</u>	<u>\$ 1,565,230</u>
Interest rates of long-term borrowings	1.40%-1.83%	1.40%-1.86%

## 13. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the Republic of China. Pension benefits are calculated on the basis of the length of service and average monthly salary of the six months before retirement. The Company contributes 4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

As a result of the division of employees transferred from YFY Inc. to the Company, their seniority is calculated by consolidation. Employee pensions are paid by each company's special employee retirement reserve account based on the proportion of their years of service in each company.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Present value of defined benefit obligation	\$ 84,487	\$ 96,825
Fair value of plan assets	<u>(101,733)</u>	<u>(110,314)</u>
Net defined benefit assets	<u>\$ (17,246)</u>	<u>\$ (13,489)</u>

Movements in net defined benefit (assets) liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit (Assets) Liabilities</b>
Balance at January 1, 2024	\$ 90,610	\$ (96,647)	\$ (6,037)
Service cost			
Current service cost	2,252	-	2,252
Net interest expense (income)	<u>1,288</u>	<u>(1,395)</u>	<u>(107)</u>
Recognized in profit or loss	<u>3,540</u>	<u>(1,395)</u>	<u>2,145</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,681)	(8,681)
Actuarial loss - actuarial assumptions adjustments	56	-	56
Actuarial loss - experience adjustments	<u>3,373</u>	<u>-</u>	<u>3,373</u>
Recognized in other comprehensive income	<u>3,429</u>	<u>(8,681)</u>	<u>(5,252)</u>
Benefits paid	<u>(754)</u>	<u>754</u>	<u>-</u>
Contributions from the employer	<u>-</u>	<u>(4,345)</u>	<u>(4,345)</u>
Balance at December 31, 2024	<u>\$ 96,825</u>	<u>\$ (110,314)</u>	<u>\$ (13,489)</u>
Balance at January 1, 2025	\$ 96,825	\$ (110,314)	\$ (13,489)
Service cost			
Current service cost	2,271	-	2,271
Net interest expense (income)	<u>1,372</u>	<u>(1,590)</u>	<u>(218)</u>
Recognized in profit or loss	<u>3,643</u>	<u>(1,590)</u>	<u>2,053</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,672)	(7,672)
Actuarial loss - experience adjustments	6,270	-	6,270
Recognized in other comprehensive income	<u>6,270</u>	<u>(7,672)</u>	<u>(1,402)</u>
Benefits paid	<u>(22,251)</u>	<u>22,251</u>	<u>-</u>
Contributions from the employer	<u>-</u>	<u>(4,408)</u>	<u>(4,408)</u>
Balance at December 31, 2025	<u>\$ 84,487</u>	<u>\$ (101,733)</u>	<u>\$ (17,246)</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31</u>	
	<b>2025</b>	<b>2024</b>
Discount rate	1.50%	1.50%
Expected rate of salary increase - less than 16 years	1.50%	1.50%
Expected rate of salary increase - more than 16 years	1.00%	1.00%

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

	<u>December 31</u>	
	<b>2025</b>	<b>2024</b>
Discount rate		
0.125% increase	<u>\$ (381)</u>	<u>\$ (466)</u>
0.125% decrease	<u>\$ 385</u>	<u>\$ 470</u>
Expected rate of salary increase		
0.125% increase	<u>\$ 386</u>	<u>\$ 472</u>
0.125% decrease	<u>\$ (384)</u>	<u>\$ (469)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31</u>	
	<b>2025</b>	<b>2024</b>
Expected contributions to the plans for the next year	<u>\$ 1,433</u>	<u>\$ 2,053</u>
Average duration of the defined benefit obligation	4.1 years	4.3 years

## 14. EQUITY

### a. Ordinary shares

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Number of shares authorized (in thousands)	<u>350,000</u>	<u>350,000</u>
Authorized shares	<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>267,129</u>	<u>267,129</u>
Issued shares	<u>\$ 2,671,290</u>	<u>\$ 2,671,290</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and a right to receive dividends.

### b. Capital surplus

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
May be used to offset deficit, distributed as cash dividends, or transferred to share capital		
Share premium	\$ 1,054,448	\$ 1,054,448
Differences between equity purchase price and carrying amount from actual acquisition or disposal of equity in subsidiary	132,472	156,481
Others	<u>3,187</u>	<u>3,187</u>
	<u>\$ 1,190,107</u>	<u>\$ 1,214,116</u>

The amount transferred to share capital limited to a certain percentage of the Company's capital surplus each year.

### c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations or in the necessary situation, 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 distribution of dividends and bonuses to shareholders.

In consideration of the overall environment and the long-term financial planning to achieve sustainable and stable business development, the Company's dividend policy is mainly based on the future capital budget plan to measure the capital needs of the following year. Every year, no less than 30% of the available profit shall be distributed as shareholder dividends. The distribution of dividends may be in cash or in shares, of which the cash dividends should be no less than 20%. However, when the Company has capital expenditure needs, all the aforementioned dividends will be distributed in the form of share dividends. For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 16(d).

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. 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.

Items referred to under Rule No. 1090150022 issued by the FSC and in the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards”, should be appropriated to or reversed from a special reserve by the Company. When the deduction balance of other shareholders’ equity is reversed, the reversed amount may be distributed thereafter.

The appropriations of earnings for 2024 and 2023, which were approved by the shareholders in their meeting on June 25, 2025 and 2024, respectively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Legal reserve	<u>\$ 74,732</u>	<u>\$ 96,314</u>
Appropriation (reversal) of special reserve	<u>\$ (139,362)</u>	<u>\$ 36,679</u>
Cash dividends	<u>\$ 681,179</u>	<u>\$ 801,387</u>
Cash dividends per share (NT\$)	<u>\$ 2.55</u>	<u>\$ 3</u>

The appropriations of earnings for 2025, which were approved by the Company’s board of directors on February 24, 2026, were as follows:

	<b>For the Year Ended December 31, 2025</b>
Legal reserve	<u>\$ 80,984</u>
Appropriation of special reserve	<u>\$ 47,776</u>
Cash dividends	<u>\$ 707,892</u>
Cash dividends per share (NT\$)	<u>\$ 2.65</u>

The appropriations of earnings for 2025 will be approved by the Shareholders Meeting to be held in June 2026. Information about the appropriations of earnings is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 15. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Revenue from contracts with customers - sale of goods	<u>\$ 7,482,588</u>	<u>\$ 7,362,950</u>

### Contract Balances

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Notes receivable and accounts receivable (including related parties)	<u>\$ 1,018,280</u>	<u>\$ 1,113,413</u>
Contract liabilities - sale of goods (under other current liabilities)	<u>\$ 14,895</u>	<u>\$ 18,807</u>

The amount of contract liabilities from the beginning of the year recognized as income in the current period is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Revenue from contracts with customers - sale of goods	<u>\$ 18,655</u>	<u>\$ 12,100</u>

For information about notes receivable and accounts receivable, refer to Note 7. The changes in the balance of contract liabilities primarily result from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment.

## 16. NET PROFIT

### a. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Interest on bank loans	\$ 33,504	\$ 22,047
Interest on lease liabilities	2,401	1,736
Less: Capitalization amount of interest	<u>(461)</u>	<u>(994)</u>
	<u>\$ 35,444</u>	<u>\$ 22,789</u>

Information about capitalized interest was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Capitalization interest rates	1.52%-1.56%	1.27%-1.54%

### b. Depreciation

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Property, plant and equipment	\$ 264,038	\$ 232,713
Right-of-use assets	<u>69,688</u>	<u>57,120</u>
	<u>\$ 333,726</u>	<u>\$ 289,833</u>
An analysis of depreciation by function		
Operating costs	\$ 264,974	\$ 232,944
Operating expenses	<u>68,752</u>	<u>56,889</u>
	<u>\$ 333,726</u>	<u>\$ 289,833</u>

c. Employee benefits expenses

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Post-employment benefits		
Defined contribution plans	\$ 26,643	\$ 26,561
Defined benefit plans (Note 13)	<u>2,053</u>	<u>2,145</u>
	28,696	28,706
Other employee benefits	<u>841,430</u>	<u>787,883</u>
Total employee benefits expense	<u>\$ 870,126</u>	<u>\$ 816,589</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 426,932	\$ 425,585
Operating expenses	414,001	391,004
Non-operating expenses	<u>29,193</u>	<u>-</u>
	<u>\$ 870,126</u>	<u>\$ 816,589</u>

d. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. In compliance with Financial Supervisory Commission Letter No. 1130385442 and Article 14(f) of the Securities and Exchange Act., the shareholders of the Company resolved the amendments to the Company's Articles at their regular meeting June 25, 2025. The amendments explicitly stipulate that at least 10% of employee compensation shall be allocated to non-executive employees, with the remainder allocated to executive employees. The compensation of employees (including non-executive employees) and remuneration of directors for the years ended December 31, 2025 and 2024, which were approved by the Company's board of directors on February 24, 2026 and March 13, 2025, respectively, were as follows:

Amount

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 10,050	\$ 9,200
Remuneration of directors	10,189	9,450

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

There was no difference between the amounts of the compensation and remuneration approved by the Company's board of directors on March 13, 2025 and 2024, and the amounts recognized in the financial statements for the years ended December 31, 2024 and 2023.

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

## 17. INCOME TAXES

### a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Current tax		
In respect of the current year	\$ 175,232	\$ 167,283
Adjustments for prior years	<u>-</u>	<u>(12,738)</u>
	<u>175,232</u>	<u>154,545</u>
Deferred tax		
In respect of the current year	<u>(437)</u>	<u>539</u>
Income tax expense recognized in profit or loss	<u>\$ 174,795</u>	<u>\$ 155,084</u>

A reconciliation of accounting profit and income tax expenses was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Profit before tax from continuing operations	<u>\$ 983,517</u>	<u>\$ 898,197</u>
Income tax expense calculated at the statutory rate (20%)	\$ 196,704	\$ 179,640
Permanent differences	(33,902)	(24,556)
Income tax on Controlled Foreign Company	11,993	12,738
Adjustments for prior years	<u>-</u>	<u>(12,738)</u>
Income tax expense recognized in profit or loss	<u>\$ 174,795</u>	<u>\$ 155,084</u>

In July 2019, the President of our country announced an amendment to the Statute for Industrial Innovation, which specifies that the construction or acquisition of certain assets or technologies from unappropriated earnings in 2018 onwards may be recorded as deductions from the calculation of unappropriated earnings. When the Company calculated the additional levy on unappropriated earnings, the amount of capital expenditures actually invested were deducted from the calculation.

### b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement on defined benefit plan	<u>\$ (280)</u>	<u>\$ (1,050)</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2025

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Compre- hensive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for loss on inventories	\$ 1,227	\$ 909	\$ -	\$ 2,136
Others	<u>56</u>	<u>(1)</u>	<u>-</u>	<u>55</u>
	<u>\$ 1,283</u>	<u>\$ 908</u>	<u>\$ -</u>	<u>\$ 2,191</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Land value increment tax	\$ 57,133	\$ -	\$ -	\$ 57,133
Net defined benefit assets	2,697	472	280	3,449
Others	<u>1</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
	<u>\$ 59,831</u>	<u>\$ 471</u>	<u>\$ 280</u>	<u>\$ 60,582</u>

For the year ended December 31, 2024

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Compre- hensive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for loss on inventories	\$ 1,311	\$ (84)	\$ -	\$ 1,227
Others	<u>77</u>	<u>(21)</u>	<u>-</u>	<u>56</u>
	<u>\$ 1,388</u>	<u>\$ (105)</u>	<u>\$ -</u>	<u>\$ 1,283</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Land value increment tax	\$ 57,133	\$ -	\$ -	\$ 57,133
Net defined benefit assets	1,207	440	1,050	2,697
Others	<u>7</u>	<u>(6)</u>	<u>-</u>	<u>1</u>
	<u>\$ 58,347</u>	<u>\$ 434</u>	<u>\$ 1,050</u>	<u>\$ 59,831</u>

d. Income tax approved situation

The tax filings of the Company through 2022 have been approved by the tax authorities.

## 18. EARNINGS PER SHARE

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Basic earnings per share (NT\$)	<u>\$ 3.03</u>	<u>\$ 2.78</u>
Diluted earnings per share (NT\$)	<u>\$ 3.02</u>	<u>\$ 2.78</u>

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

Net profit for the year

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Profit for the year attributable to owners of the Company	<u>\$ 808,722</u>	<u>\$ 743,113</u>

Weighted average number of ordinary shares outstanding (in thousands of shares)

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	267,129	267,129
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>304</u>	<u>275</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>267,433</u>	<u>267,404</u>

The Company may settle compensation paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be 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.

## 19. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns through consideration of the future operational plan, profitability, capital expenditure, operating income and debt repayment when assessing various costs and risks. In order to balance the overall capital and financial structure, the Company may pay dividends, issue new shares, etc.

## 20. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments

The management of the Company considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements to approximate their fair values.

### b. Categories of financial instruments

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 1,398,182	\$ 1,439,518
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	3,452,664	3,221,955

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, accounts receivable from related parties, other receivables (accounted as other current assets), and refundable deposits (accounted as other current assets and other non-current assets).

2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, notes and accounts payable, accounts payable to related parties, other payables, current portion of long-term borrowings, long-term borrowings, long-term payables (accounted as other non-current liabilities) and deposits received (accounted as other non-current liabilities).

### c. Financial risk management objectives and policies

The Company's main objective of financial risk management is to manage risks related to its operations, including foreign currency risk, interest rate risk, credit risk and liquidity risk. To reduce the potential and detrimental influence of market fluctuations on the Company's financial performance, the Company endeavors to identify, estimate and hedge the uncertainties of the market.

The Company's significant financial activity is reviewed and approved by the board of directors in compliance with related regulations and internal control policy, and authority and responsibility are delegated according to the operating procedures. Internal auditors also regularly or irregularly review the compliance of the policy. The Company did not enter into or trade financial instruments for speculative purposes.

#### 1) Market risk

##### a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. The Company follows the movement of foreign exchange rates and adjusts its funding positions in response to exchange rate movements to minimize the effects of these risks.

##### Sensitivity analysis

The Company is mainly exposed to the USD.

The following table details the Company's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit.

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Profit or loss at 5% variance		
USD	<u>\$ (297)</u>	<u>\$ (118)</u>

b) Interest rate risk

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

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Fair value interest rate risk		
Financial assets	<u>\$ 230,000</u>	<u>\$ 235,179</u>
Financial liabilities	<u>\$ 2,412,176</u>	<u>\$ 1,913,358</u>
Cash flow interest rate risk		
Financial assets	<u>\$ 109,206</u>	<u>\$ 59,918</u>

Due to the close and long-term relationship with banks, the Company obtained more favorable and flexible interest rates terms from banks. Changes in interest rates do not have a significant impact on the Company.

Sensitivity analysis

For the Company's floating interest rate financial assets and liabilities, if interest rates had been 0.1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2025 and 2024 would have increased/decreased as follows:

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Increase/(decrease)	\$ 109	\$ 60

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. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation is at the level of the carrying amounts of the respective recognized financial assets which comprise receivables from operating activities as stated in the balance sheets.

The Company transacts with a large number of unrelated customers in various industries. The Company continuously evaluates the financial conditions of those customers.

To maintain the quality of the accounts receivable, the Company has developed a credit risk management procedure to reduce the credit risk from specific customers. The credit evaluation of individual customers includes considering factors that will affect its payment ability such as financial condition, past transaction records and current economic conditions. Credit risk of bank deposits, fixed-income investments and other financial instruments with banks is evaluated and monitored by the Company's finance department. Since the counterparties are creditworthy banks and financial institutions with good credit rating, there was no significant credit risk.

### 3) Liquidity risk

The objective of liquidity risk management is to maintain adequate cash and cash equivalents with high liquidity and sufficient bank facilities required by business operation and to ensure the Company has sufficient financial flexibility.

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Unutilized financing facilities	<u>\$ 6,542,750</u>	<u>\$ 6,681,900</u>

## 21. TRANSACTIONS WITH RELATED PARTIES

YFY Inc. is the parent company of the Company, which held 59.15% of the ordinary shares of the Company as of December 31, 2025 and 2024.

### a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
YFY Inc.	Parent company
YFY Consumer Products, Co.	Subsidiary
Ever Growing Agriculture Bio-tech Co., Ltd.	Subsidiary
Yuen Foong Shop Co., Ltd.	Subsidiary
Livebricks Inc.	Subsidiary
Chung Hwa Pulp Corporation	Fellow subsidiary
China Color Printing Co., Ltd.	Fellow subsidiary
Fidelis IT Solutions Co., Ltd.	Fellow subsidiary
Ensilience Co., Ltd.	Fellow subsidiary
Effion Eneritech Co., Ltd.	Fellow subsidiary
YFY Packaging Inc.	Fellow subsidiary
YFY Paradigm Investment Co., Ltd.	Fellow subsidiary
YFY Development Corp.	Fellow subsidiary
YFY Corporate Advisory & Services Co., Ltd.	Fellow subsidiary
Shin Foong Specialty and Applied Materials Co., Ltd.	Fellow subsidiary
Union Paper Corp.	Fellow subsidiary
Pek Crown Paper Co., Ltd.	Fellow subsidiary
YFY Jupiter Limited Taiwan Branch (Hong Kong)	Fellow subsidiary
Sustainable Carbohydrate Innovation Co., Ltd.	Fellow subsidiary
Genovella Renewables Inc.	Fellow subsidiary
Fengchuan Green Technology Co., Ltd.	Fellow subsidiary
Hsinex International Corp.	Substantive related party
E Ink Holdings Inc.	Substantive related party
SinoPac Financial Holdings Co., Ltd.	Substantive related party
SinoPac Securities Corporation	Substantive related party

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
Yuen Foong Paper Co., Ltd.	Substantive related party
Bank SinoPac Co., Ltd.	Substantive related party
YFY Biotech Co., Ltd.	Substantive related party
Chen Yu Co., Ltd.	Substantive related party
Hsin Yuan Investment Co., Ltd.	Substantive related party
Foongtone Technology Co., Ltd.	Substantive related party
Shen's Art Printing Co., Ltd.	Substantive related party
Ho Tien Co., Ltd.	Substantive related party
Hoi Toy & Play Corporation	Substantive related party
Hsin-Yi Enterprise Co., Ltd.	Substantive related party
Hsin Yi Recreation Enterprise Co., Ltd.	Substantive related party
Hsin-Yi Foundation	Substantive related party
Taiwan Stock Exchange Corporation	Substantive related party
Synmax Biochemical Co., Ltd.	Substantive related party
	(Concluded)

b. Sales of goods

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Subsidiaries		
Yuen Foong Shop Co., Ltd.	\$ 1,169,714	\$ 1,112,985
Others	<u>4,070</u>	<u>6</u>
	1,173,784	1,112,991
Substantive related parties	13,755	12,100
Fellow subsidiaries	5,384	4,936
Parent company	<u>433</u>	<u>295</u>
	<u>\$ 1,193,356</u>	<u>\$ 1,130,322</u>

For sales of goods to related parties, the prices and terms of receivables approximate those with non-related parties.

c. Purchases of goods

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Fellow subsidiaries		
Chung Hwa Pulp Corporation	\$ 370,450	\$ 428,245
Others	<u>63,638</u>	<u>61,612</u>
	434,088	489,857
Subsidiaries		
Ever Growing Agriculture Bio-tech Co., Ltd.	400,563	362,517
Others	<u>1,230</u>	<u>-</u>
	401,793	362,517
Substantive related parties	<u>262</u>	<u>240</u>
	<u>\$ 836,143</u>	<u>\$ 852,614</u>

For purchases of goods from related parties, the prices and terms of payables approximate those with non-related parties.

d. Accounts receivable from related parties

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Subsidiaries		
Yuen Foong Shop Co., Ltd.	\$ 132,130	\$ 224,932
Others	<u>152</u>	<u>4</u>
	132,282	224,936
Substantive related parties	3,832	2,511
Fellow subsidiaries	1,325	1,284
Parent company	<u>-</u>	<u>20</u>
	<u>\$ 137,439</u>	<u>\$ 228,751</u>

The outstanding accounts receivable from related parties are unsecured and no expected credit losses should be recognized after estimating.

e. Accounts payable to related parties

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Subsidiaries		
Ever Growing Agriculture Bio-tech Co., Ltd.	\$ 153,921	\$ 149,820
Fellow subsidiaries		
Chung Hwa Pulp Corporation	68,922	102,806
Others	<u>23,351</u>	<u>22,836</u>
	<u>92,273</u>	<u>125,642</u>
	<u>\$ 246,194</u>	<u>\$ 275,462</u>

The outstanding accounts payable to related parties are unsecured.

f. Other payables to related parties

<b>Related Party Category</b>	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Fellow subsidiaries	\$ 6,648	\$ 6,858
Subsidiaries	3,513	164
Substantive related parties	<u>1,263</u>	<u>1,211</u>
	<u>\$ 11,424</u>	<u>\$ 8,233</u>

g. Acquisitions of property, plant and equipment

<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Fellow subsidiaries	<u>\$ 138</u>	<u>\$ 2,625</u>

h. Acquisitions of financial assets

Refer to Notes 9.

i. Lease arrangements

<b>Lease Paid</b>	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Substantive related parties		
Hsin-Yi Enterprise Co., Ltd.	\$ 8,701	\$ 8,249
Fellow subsidiaries	<u>1,314</u>	<u>1,314</u>
	<u>\$ 10,015</u>	<u>\$ 9,563</u>

The lease period, rent and the payment condition for related parties are approximate those with non-related parties.

j. Other transactions with related parties

<b>Related Party Category</b>	<b>Miscellaneous Expenses (Accounted for as Operating Costs and Expenses)</b>	
	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Fellow subsidiaries	\$ 20,744	\$ 19,050
Subsidiaries	12,589	9,312
Substantive related parties	<u>4,728</u>	<u>4,405</u>
	<u>\$ 38,061</u>	<u>\$ 32,767</u>

<b>Related Party Category/Name</b>	<b>Other Income (Accounted for as Non-operating Income)</b>	
	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Subsidiaries		
Yuen Foong Shop Co., Ltd.	\$ 1,369	\$ 1,369
Others	<u>47</u>	<u>-</u>
	<u>\$ 1,416</u>	<u>\$ 1,369</u>

<b>Related Party Category</b>	<b>Other Receivables from Related Parties (Accounted for as Other Current Assets)</b>	
	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Subsidiaries	<u>\$ 25</u>	<u>\$ 447</u>

k. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Short-term employee benefits	\$ 45,151	\$ 51,867
Others	<u>849</u>	<u>927</u>
	<u>\$ 46,000</u>	<u>\$ 52,794</u>

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

## 22. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information on the foreign currencies other than the functional currencies of the Company and the related exchange rates between the foreign currencies and respective functional currencies. The significant assets and liabilities denominated in foreign currencies were as follows:

	<b>December 31, 2025</b>		
	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 112	31.43	\$ 3,520
<u>Financial liabilities</u>			
Monetary items			
USD	301	31.43	9,460
	<b>December 31, 2024</b>		
	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 149	32.785	\$ 4,885
<u>Financial liabilities</u>			
Monetary items			
USD	221	32.785	7,245

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	<b>For the Year Ended 2025</b>		<b>For the Year Ended 2024</b>	
<b>Foreign Currency</b>	<b>Exchange Rate (Foreign Currency: Functional Currency)</b>	<b>Net Foreign Exchange Gains (Losses)</b>	<b>Exchange Rate (Foreign Currency: Functional Currency)</b>	<b>Net Foreign Exchange Gains (Losses)</b>
USD	31.43 (USD:NTD)	\$ 230	32.785 (USD:NTD)	\$ 67

### 23. SEPARATELY DISCLOSED ITEMS

Following are the additional disclosures required by the Securities and Futures Bureau for the Company:

- a. Financing provided to others: None;
- b. Endorsements/guarantees provided: None;
- c. Significant marketable securities held: None;
- d. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 1 attached;
- e. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 2 attached;
- f. Information on investees: See Table 3 attached;
- g. Information on investments in mainland China:
  - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: See Table 4 attached.
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
    - c) The amount of property transactions and the amount of the resultant gains or losses.
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
    - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

**YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.**

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

Buyer/Seller	Related Party	Relationship (Note)	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/ Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Yuen Foong Shop Co., Ltd.	a.	Sales	\$ (1,169,714)	(16)	In agreed terms	\$-	-	\$ 132,130	13	
	Ever Growing Agriculture Bio-tech Co., Ltd.	a.	Purchases	400,563	10	In agreed terms	-	-	(153,921)	(32)	
	Chung Hwa Pulp Corporation	b.	Purchases	370,450	9	In agreed terms	-	-	(68,922)	(14)	

Note: a. Parent company and subsidiary.  
b. Fellow subsidiaries.

**YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**DECEMBER 31, 2025**

**(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
The Company	Yuen Foong Shop Co., Ltd.	Subsidiary	\$ 132,150	6.55	\$ -	-	\$ 108,881	\$ -	Note

Note: Receivables from related parties include accounts receivable and other receivable.

**YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.**

**INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2025	December 31, 2024	Number of Shares	%	Carrying Amount			
The Company	Yuen Foong Yu Consumer Products Investment Limited	Samoa	Investment holding	\$ 3,845,458	\$ 3,845,458	150,013,000	100	\$ 3,390,001	\$ 61,429	\$ 61,429	a.
	Ever Growing Agriculture Bio-tech Co., Ltd.	Taipei, Taiwan	Manufacturing and wholesale of agricultural services, fertilizers and cleaning products	180,795	107,595	21,455,719	100	319,168	47,779	45,286	a.
	Yuen Foong Shop Co., Ltd.	Taipei, Taiwan	E-commerce of selling consumer products	55,041	55,041	5,000,000	100	132,794	62,120	62,459	a.
	YFY Consumer Products, Co.	United States	Intellectual property management and e-commerce sales of consumer products	-	-	-	100	339	369	336	a.

Note: a. Subsidiaries.  
b. Refer to Table 4 for information on investments in mainland China.

## YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025 (Notes 1 and 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2025	Accumulated Repatriation of Investment Income as of December 31, 2025
					Outward	Inward						
YFY Investment Co., Ltd.	Investment and holding and sale of paper	\$ 3,614,450 (US\$ 115,000 thousand)	Investment in mainland China through companies set up in another country.	\$ 2,972,492 (US\$ 94,575 thousand)	\$ -	\$ -	\$ 2,972,492 (US\$ 94,575 thousand)	\$ 1,400 (Note 2,b.)	100	\$ 1,400 (Note 2,b.)	\$ 2,118,969	\$ -
YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins	942,900 (US\$ 30,000 thousand)	Investment in mainland China through companies set up in another country.	-	-	-	-	9,986 (Note 2,b.)	100	10,629 (Note 2,b.)	332,695	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins	942,900 (US\$ 30,000 thousand)	Investment in mainland China through companies set up in another country.	-	-	-	-	57,075 (Note 2,b.)	100	57,075 (Note 2,b.)	1,463,877	-

Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$3,286,784 (Notes 1 and 4)	\$3,286,784 (Notes 1 and 4)	(Note 3)

Note 1: The exchange rates were US\$1= \$31.43 and RMB1=\$4.471603 as of December 31, 2025.

Note 2: The recognition basis for investment gain (loss) is as follows:

- a. Financial statements audited by an international CPA firm with the cooperation of the ROC CPA firm.
- b. Financial statements audited by the ROC CPA firm.
- c. Others.

Note 3: According to Article 3 of the "Principles of Investing or Technical Cooperation in Mainland China" on August 29, 2008, companies approved by the Industrial Development Bureau, MOEA within the scope of operations of the operational headquarters are not subject to the upper limit. The Company is an eligible enterprise and is not subject to the aforementioned restrictions.

Note 4: The disposal of entire shares of YFY Family Paper (Beijing) Co., Ltd. was completed by the subsidiary YFY Investment Co., Ltd. in August 2020. The sale proceeds have not been remitted back to Taiwan; therefore, the Company has not yet processed the deduction of the accumulated investment amount to the Investment Commission, MOEA.

# YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

## THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

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**YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.**

**STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE**

**DECEMBER 31, 2025**

**(In Thousands of New Taiwan Dollars)**

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<b>Client Name</b>	<b>Amount</b>
A Company	\$ 338,219
B Company	125,326
C Company	98,179
D Company	72,739
Others (Note)	246,409
Less: Allowance for impairment loss	<u>(31)</u>
	<u>\$ 880,841</u>

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

**YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.**

**STATEMENT OF INVENTORIES**

**DECEMBER 31, 2025**

**(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Amount</b>	
	<b>Cost</b>	<b>Net Realizable Value</b>
Materials	\$ 77,205	\$ 73,302
Work in process	156,436	156,034
Finished and Purchased goods	<u>303,116</u>	<u>296,744</u>
	536,757	<u>\$ 526,080</u>
Less: Write-downs of inventories (Note)	<u>(10,677)</u>	
	<u>\$ 526,080</u>	

Note: Including materials of \$3,903 thousand, work in process of \$402 thousand, and finished and purchased goods of \$6,372 thousand.

## YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2025

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

Investee	Balance, January 1, 2025		Additions in Investment		Decrease in Investment		Share of Profit of Subsidiaries (Note 1)	Equity Adjustments (Note 2)	Balance, December 31, 2025			Market Value or Net Asset Value
	Shares	Amount	Shares	Amount	Shares	Amount (Note 3)			Shares	%	Amount	
Yuen Foong Yu Consumer Products Investment Limited	150,013,000	\$ 3,422,493	-	\$ -	-	\$ -	\$ 61,429	\$ (93,921)	150,013,000	100	\$ 3,390,001	\$ 3,390,001
Ever Growing Agriculture Bio-tech Co., Ltd.	18,245,944	269,577	3,209,775	73,200	-	44,886	45,286	(24,009)	21,455,719	100	319,168	328,911
Yuen Foong Shop Co., Ltd.	5,000,000	119,613	-	-	-	49,278	62,459	-	5,000,000	100	132,794	135,331
YFY Consumer Products, Co.	-	-	-	-	-	-	336	3	-	100	339	372
		<u>\$ 3,811,683</u>		<u>\$ 73,200</u>		<u>\$ 94,164</u>	<u>\$ 169,510</u>	<u>\$ (117,927)</u>			<u>\$ 3,842,302</u>	<u>\$ 3,854,615</u>

Note 1: The recognition basis for investment gain are the financial statements audited by ROC CPA firm.

Note 2: Including exchange differences arising on translating the financial statements of foreign operations of \$(93,918) thousand and Differences between equity purchase price and carrying amount from actual acquisition of equity in subsidiary of \$(24,009) thousand.

Note 3: Including cash dividends collected of \$93,680 thousand, employee compensation paid by subsidiaries to the Company's employees of \$484 thousand.

**YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.**

**STATEMENT OF OTHER PAYABLES**

**DECEMBER 31, 2025**

**(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Amount</b>
Payables on wages and employee benefits	\$ 155,176
Payables on channel marketing expense	124,682
Payables on equipment	101,956
Others (Note)	<u>529,199</u>
	<u>\$ 911,013</u>

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

## YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

## STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2025

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

Name	Contract Period	Repayment Agreement	Interest Rates (%)	Expired within A Year	Expired after A Year	Total Amount	Collateral	Note
Credit borrowings								
Bank of Taiwan	2023.05.15-2030.05.15	Principal repayable on maturity, interest payable on a monthly basis	1.43	\$ -	\$ 340,850	\$ 340,850	-	-
Yuanta Commercial Bank	2023.03.27-2028.03.27	Principal repayable on maturity, interest payable on a monthly basis	1.48	-	24,000	24,000	-	-
The Export-Import Bank of the Republic of China	2023.05.04-2030.05.04	Principal repayable on maturity, interest payable on a monthly basis	1.40	-	1,000,000	1,000,000	-	-
Bank of Taiwan	2025.03.24-2027.03.24	Principal repayable on maturity, interest payable on a monthly basis	1.82	-	300,000	300,000	-	-
Mega International Commercial Bank	2024.12.20-2026.12.19	Principal repayable on maturity, interest payable on a monthly basis	1.83	<u>270,000</u>	<u>-</u>	<u>270,000</u>	-	-
				270,000	1,664,850	1,934,850		
Less: Arrangement fees of syndicated bank loans				<u>-</u>	<u>(1,110)</u>	<u>(1,110)</u>		
				<u>\$ 270,000</u>	<u>\$ 1,663,740</u>	<u>\$ 1,933,740</u>		

**YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.****STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Quantity (In Tons)</b>	<b>Amount</b>
Paper	93,208	\$ 6,067,773
Purchased goods		801,213
Others (Note)		<u>613,602</u>
		<u>\$ 7,482,588</u>

Note: The amount included in others does not exceed 10% of the account balance.

**YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.****STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Amount</b>
Direct materials	\$ 2,800,777
Direct labor	296,868
Manufacturing expenses	<u>1,123,837</u>
Manufacturing cost	4,221,482
Add (less):	
Work in process, beginning of year	67,881
Transferred to other accounts	(1,032)
Work in process, end of year	<u>(156,436)</u>
Cost of finished goods	4,131,895
Add (less):	
Finished goods, beginning of year	163,593
Finished goods, end of year	(213,651)
Transferred to other accounts	(22,925)
Write-down of inventories	<u>1,391</u>
Cost of homemade products sold	4,060,303
Purchased goods, beginning of year	69,500
Finished goods purchased	1,307,223
Add (less):	
Transferred to other accounts	(9,369)
Write-down of inventories	3,152
Purchased goods, end of year	<u>(89,465)</u>
	<u>\$ 5,341,344</u>

**YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.****STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Selling and Marketing Expenses</b>	<b>General and Administrative Expenses</b>	<b>Research and Development Expenses</b>	<b>Total</b>
Employee benefits expense	\$ 179,533	\$ 210,172	\$ 24,296	\$ 414,001
Freight expense	433,109	-	-	433,109
Advertising and marketing expense	162,756	-	-	162,756
Depreciation expense	64,401	3,399	952	68,752
Others (Note)	<u>104,965</u>	<u>87,468</u>	<u>9,676</u>	<u>202,109</u>
	<u>\$ 944,764</u>	<u>\$ 301,039</u>	<u>\$ 34,924</u>	<u>\$ 1,280,727</u>

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

**YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.**  
**STATEMENT OF EMPLOYEE BENEFITS AND DEPRECIATION EXPENSES BY FUNCTION**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024**  
(In Thousands of New Taiwan Dollars)

	2025				2024		
	Operating Costs	Operating Expenses	Non-operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employment benefits expense							
Salary expense	\$ 342,032	\$ 331,121	\$ 29,193	\$ 702,346	\$ 342,329	\$ 319,415	\$ 661,744
Insurance expense	38,961	27,716	-	66,677	37,650	26,597	64,247
Pension expense	14,816	13,880	-	28,696	15,017	13,689	28,706
Remuneration of directors	-	10,189	-	10,189	-	9,450	9,450
Other expense	31,123	31,095	-	62,218	30,589	21,853	52,442
	<u>\$ 426,932</u>	<u>\$ 414,001</u>	<u>\$ 29,193</u>	<u>\$ 870,126</u>	<u>\$ 425,585</u>	<u>\$ 391,004</u>	<u>\$ 816,589</u>
Depreciation expense	<u>\$ 264,974</u>	<u>\$ 68,752</u>	<u>\$ -</u>	<u>\$ 333,726</u>	<u>\$ 232,944</u>	<u>\$ 56,889</u>	<u>\$ 289,833</u>

- As of December 31, 2025 and 2024, the Company had 747 and 770 employees, respectively. There were both 4 non-employee directors.
- A company whose shares are listed on the stock exchange or traded in the over-the-counter market shall disclose the following:
  - For the years ended December 31, 2025 and 2024, the average employment benefit expense was \$1,157 thousand and \$1,054 thousand, respectively. (“Total Employment Benefit Expense” - “Total Compensation for Directors and Supervisors”/“Number of Employees” - “Number of Directors Not Classified as Employees”).
  - For the years ended December 31, 2025 and 2024, the average salary expense was \$945 thousand and \$864 thousand, respectively. (“Total Salary Expense”/“Number of Employees” - “Number of Directors Not Classified as Employees”).
  - Average salary adjustment was 9.38% (“Current Year Average Salary Expense” - “Prior Year Average Salary Expense”/“Prior Year Average Salary Expense”).
  - The Company has no supervisors.
- Salary and remuneration policy (including directors, managers and employees):
  - According to the Articles of Incorporation, if the Company made a profit based on operating results in the current year, 1% or more of the income shall be set aside as compensation of employees and 2% or less shall be distributed as remuneration of directors.
  - The total compensation paid to the executive officers which included salary, bonus, and compensation of employees is based on the salary structures of other companies operating similar businesses or with similar business scales, in order to attract outstanding executive officers with a competitive compensation package. Such compensation and remuneration are submitted to the compensation committee and the Company’s board of directors for review and approval.
  - The Company participates in compensation surveys to measure pay levels in the labor market. Besides, the Company also takes into account industry pay levels in order to make adequate adjustments to the overall compensation policies. In addition to annual salary adjustment and comprehensive promotional practices, various award systems are established to attract, retain, develop, and encourage talent.