

POYA INTERNATIONAL CO., LTD.
FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REPORT
DECEMBER 31, 2025 AND 2024

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of POYA International Co., Ltd.

Opinion

We have audited the accompanying balance sheets of POYA International Co., Ltd. (the "Company") as at December 31, 2025 and 2024, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 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 and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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.

Key audit matters

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

Key audit matters for the Company's 2025 financial statements are stated as follows:

Completeness and accuracy of franchising retail sales revenue

Description

Refer to Note 4(20), "Revenue recognition" for accounting policies on retail franchising.

In retail franchising, merchandise information such as name, cost, retail price, price changes and annual sales discount is first established. The point of sales system (henceforth POS) is used to run the merchandise information automatically. Each store gathers sales transactions by the end of the day. The system will aggregate all the information of transactions and then upload to ERP system to generate sales revenue journal entries. In addition, each store has to file cash report daily including cash, gift vouchers, credit cards, and electronic payment devices and reconcile with system data. Cash collections are deposited with the banks periodically.

Due to numerous transactions with small amount, retail franchising highly relies on POS and ERP system to generate reliable and accurate data. Thus, we identified the completeness and accuracy of retail franchising sales revenue as a key audit matter.

How our audit addressed the matter

Our procedures in relation to the above key audit matter included:

1. Checking randomly whether the merchandise information has been properly approved and relevant evidence was attached whenever the merchandise information is created or changed;

2. Checking randomly whether the merchandise information has been transferred to POS system;
3. Checking randomly whether all the sales that were recorded in the POS are periodically transferred to ERP system and recorded in operating revenue journal entry automatically;
4. Reviewing the reasons and the relevant evidences for manual adjusting journal entries that are related to retail franchising sales revenue; and
5. Reviewing whether stores' cash deposits amounts recorded on the daily cash report are in accordance with bank remittance amounts.

Calculation of cost to retail ratio of retail inventory method

Description

Refer to Note 4(7) for accounting policies on inventory and Note 6(3) "Inventory" for related information on inventory and cost of sales.

Due to various kinds of merchandise, retail inventory method is used to estimate cost of inventory and cost of goods sold which are both calculated using the rate of cost of goods purchased to retail value of goods purchased (known as cost to retail ratio). The calculation of cost to retail ratio is generated automatically by the ERP system and highly relies on the goods purchased both at cost and retail price.

Thus, we identified the accuracy and reliability of calculation of cost to retail ratio of retail inventory method as a key audit matter.

How our audit addressed the matter

Our procedures in relation to the above key audit matter included:

1. Conducting interviews with management to obtain an understanding of the calculation of cost to retail ratio in the calculation system of retail inventory method and determining whether it has been consistently applied in the comparative periods of financial statements;

2. Checking randomly whether the merchandise information has been properly approved and relevant evidence was attached whenever the merchandise information is created or changed;
3. Confirming whether the records of cost of inventory purchased in POS are transferred to ERP periodically and completely and the records could not be changed manually; and
4. Checking the computation for the correctness of cost to retail ratio.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Hsu, Huei-Yu

Independent Accountants

Yeh, Fang-Ting

PricewaterhouseCoopers, Taiwan

Republic of China

February 23, 2026

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

POYA INTERNATIONAL CO., LTD.
BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2025		December 31, 2024		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 3,673,438	12	\$ 2,834,366	10
1150	Notes receivable, net	6(2)	301	-	280	-
1170	Accounts receivable, net	6(2)	1,585,217	5	1,487,126	5
1197	Finance lease receivable, net	6(7)	8,558	-	9,293	-
1200	Other receivables		2,721	-	4,381	-
130X	Inventories	6(3)	6,809,024	21	5,979,380	21
1410	Prepayments	6(4)	46,122	-	46,489	-
1476	Other current financial assets	8	8,287	-	8,287	-
11XX	Total current assets		<u>12,133,668</u>	<u>38</u>	<u>10,369,602</u>	<u>36</u>
Non-current assets						
1600	Property, plant and equipment, net	6(5)	4,421,749	14	4,127,882	14
1755	Right-of-use assets	6(6)(7) and 7	14,303,848	45	13,335,310	47
1840	Deferred income tax assets	6(21)	38,879	-	31,563	-
1920	Refundable deposits	6(6)	577,862	2	514,183	2
194D	Long-term finance lease receivable, net	6(7)	136,210	1	146,750	1
1975	Net defined benefit asset - non- current	6(10)	20,909	-	16,447	-
1980	Other non-current financial assets	8	5,000	-	5,000	-
1990	Other non-current assets		20,388	-	17,373	-
15XX	Total non-current assets		<u>19,524,845</u>	<u>62</u>	<u>18,194,508</u>	<u>64</u>
1XXX	Total assets		<u>\$ 31,658,513</u>	<u>100</u>	<u>\$ 28,564,110</u>	<u>100</u>

(Continued)

POYA INTERNATIONAL CO., LTD.
BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2025		December 31, 2024		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2130	Current contract liabilities	6(14)	\$ 120,583	-	\$ 87,539	-
2150	Notes payable		51,942	-	57,143	-
2170	Accounts payable		3,744,329	12	3,387,697	12
2200	Other payables	6(8)	1,085,872	3	938,908	3
2230	Current income tax liabilities		436,566	1	384,499	2
2280	Current lease liabilities	7	2,061,551	7	1,906,776	7
2310	Receipts in advance		5	-	5	-
2320	Long-term liabilities, current portion	6(9)	2,210,313	7	1,445,900	5
21XX	Total current liabilities		9,711,161	30	8,208,467	29
Non-current liabilities						
2540	Long-term borrowings	6(9)	1,371,944	5	1,601,701	6
2570	Deferred income tax liabilities	6(21)	7,469	-	6,898	-
2580	Non-current lease liabilities	7	12,415,011	39	11,554,259	40
2645	Guarantee deposits received		44,610	-	39,751	-
25XX	Total non-current liabilities		13,839,034	44	13,202,609	46
2XXX	Total liabilities		23,550,195	74	21,411,076	75
Equity						
	Share capital	6(11)(13)(20)				
3110	Common stock		1,064,438	3	1,049,362	4
3200	Capital surplus	6(11)(12)	1,475,884	5	1,255,466	4
	Retained earnings	6(11)(13)				
3310	Legal reserve		2,205,040	7	1,923,960	7
3350	Unappropriated retained earnings		3,362,956	11	2,924,246	10
3XXX	Total equity		8,108,318	26	7,153,034	25
	Significant Contingent Liabilities and	9				
	Unrecognized Contract Commitments					
	Significant Events After The Balance	11				
	Sheet Date					
3X2X	Total liabilities and equity		\$ 31,658,513	100	\$ 28,564,110	100

The accompanying notes are an integral part of these financial statements.

POYA INTERNATIONAL CO., LTD.
STATEMENTS OF COMPREHENSIVE INCOME

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	Year ended December 31				
		2025		2024		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(14)	\$ 25,319,841	100	\$ 23,628,222	100
5000	Operating costs	6(3)(10)(19)(20)	(13,872,775)	(55)	(12,961,823)	(55)
5900	Net operating margin		11,447,066	45	10,666,399	45
	Operating expenses	6(10)(19)(20) and 7				
6100	Selling expenses		(6,805,327)	(27)	(6,479,836)	(27)
6200	General and administrative expenses		(767,009)	(3)	(738,744)	(3)
6000	Total operating expenses		(7,572,336)	(30)	(7,218,580)	(30)
6900	Operating profit		3,874,730	15	3,447,819	15
	Non-operating income and expenses					
7100	Interest income	6(15)	61,306	-	24,184	-
7010	Other income	6(7)(16)	236,424	1	201,283	1
7020	Other gains and losses	6(6)(17)	(17,751)	-	20,355	-
7050	Finance costs	6(5)(6)(18) and 7	(231,570)	(1)	(187,398)	(1)
7000	Total non-operating income and expenses		48,409	-	58,424	-
7900	Profit before income tax		3,923,139	15	3,506,243	15
7950	Income tax expense	6(21)	(780,608)	(3)	(701,850)	(3)
8200	Net income for the year		<u>\$ 3,142,531</u>	<u>12</u>	<u>\$ 2,804,393</u>	<u>12</u>
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit obligation	6(10)	\$ 1,607	-	\$ 8,011	-
8349	Income tax relating to the components of other comprehensive income that will not be reclassified to profit or loss	6(21)	(321)	-	(1,602)	-
8300	Total other comprehensive income for the year		<u>\$ 1,286</u>	<u>-</u>	<u>\$ 6,409</u>	<u>-</u>
8500	Total comprehensive income for the year		<u>\$ 3,143,817</u>	<u>12</u>	<u>\$ 2,810,802</u>	<u>12</u>
	Earnings per share (in dollars)	6(22)				
9750	Basic		<u>\$ 29.54</u>		<u>\$ 26.48</u>	
9850	Diluted		<u>\$ 29.35</u>		<u>\$ 26.34</u>	

The accompanying notes are an integral part of these financial statements.

POYA INTERNATIONAL CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Notes	Common stock	Capital Surplus	Retained Earnings		Total equity
			Additional paid-in capital	Legal reserve	Unappropriated retained earnings	
<u>For the year ended December 31, 2024</u>						
Balance at January 1, 2024		\$1,034,930	\$1,058,249	\$ 1,671,810	\$ 2,549,295	\$ 6,314,284
Net income for the year ended December 31, 2024		-	-	-	2,804,393	2,804,393
Other comprehensive income for the year ended December 31, 2024		-	-	-	6,409	6,409
Total comprehensive income for the year ended December 31, 2024		-	-	-	2,810,802	2,810,802
Distribution of 2023 net income:						
Legal reserve		-	-	252,150	(252,150)	-
Cash dividends	6(13)	-	-	-	(2,173,352)	(2,173,352)
Stock dividends	6(11)(13)	10,349	-	-	(10,349)	-
Employees' stock compensation	6(11)(20)	4,083	197,217	-	-	201,300
Balance at December 31, 2024		\$1,049,362	\$1,255,466	\$ 1,923,960	\$ 2,924,246	\$ 7,153,034
<u>For the year ended December 31, 2025</u>						
Balance at January 1, 2025		\$1,049,362	\$1,255,466	\$ 1,923,960	\$ 2,924,246	\$ 7,153,034
Net income for the year ended December 31, 2025		-	-	-	3,142,531	3,142,531
Other comprehensive income for the year ended December 31, 2025		-	-	-	1,286	1,286
Total comprehensive income for the year ended December 31, 2025		-	-	-	3,143,817	3,143,817
Distribution of 2024 net income:						
Legal reserve		-	-	281,080	(281,080)	-
Cash dividends	6(13)	-	-	-	(2,413,533)	(2,413,533)
Stock dividends	6(11)(13)	10,494	-	-	(10,494)	-
Employees' stock compensation	6(11)(20)	4,582	220,418	-	-	225,000
Balance at December 31, 2025		\$1,064,438	\$1,475,884	\$ 2,205,040	\$ 3,362,956	\$ 8,108,318

The accompanying notes are an integral part of these financial statements.

POYA INTERNATIONAL CO., LTD.
STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 3,923,139	\$ 3,506,243
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(6)(19)	2,908,091	2,707,399
Loss on disposal of property, plant and equipment	6(17)	28,894	21,625
Gain from lease modification	6(6)(17)	(13,399)	(1,982)
Loss (income) from subleasing right-of-use assets	6(17)	2,256	(39,998)
Interest income	6(15)	(61,306)	(24,184)
Interest expense	6(18)	231,570	187,398
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(21)	32,591
Accounts receivable		(98,091)	(72,675)
Other receivables		1,660	4,203
Inventories		(829,644)	(650,934)
Prepayments		367	(6,220)
Net defined benefit assets - non-current		(2,855)	(2,600)
Changes in operating liabilities			
Current contract liabilities		33,044	(3,391)
Notes payable		(5,201)	(38,423)
Accounts payable		356,632	353,859
Other payables		329,055	239,955
Receipts in advance		-	(95)
Cash inflow generated from operations		6,804,191	6,212,771
Interest received		61,306	24,184
Interest paid		(231,570)	(187,398)
Income tax paid		(735,607)	(684,534)
Net cash flows from operating activities		5,898,320	5,365,023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in finance lease receivables		9,019	7,671
Cash paid for acquisition of property, plant and equipment	6(23)	(992,799)	(1,159,688)
Interest paid for acquisition of property, plant and equipment	6(5)(18)(23)	(2,226)	(2,551)
Proceeds from disposal of property, plant and equipment		2,154	5,158
Acquisition of right-of-use assets	6(6)	(96,923)	(125,636)
Increase in refundable deposits		(63,679)	(45,968)
Decrease in other non-current financial assets		-	6,000
Increase in other non-current assets		(3,015)	(576)
Net cash flows used in investing activities		(1,147,469)	(1,315,590)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from long-term borrowings	6(24)	2,600,000	2,460,000
Repayment of long-term borrowings	6(24)	(2,065,344)	(1,573,753)
Repayment of lease principal	6(24)	(2,037,761)	(1,904,237)
Increase (decrease) in guarantee deposits received	6(24)	4,859	(17,692)
Cash dividends paid	6(13)	(2,413,533)	(2,173,352)
Net cash flows used in financing activities		(3,911,779)	(3,209,034)
Net increase in cash and cash equivalents		839,072	840,399
Cash and cash equivalents at beginning of year	6(1)	2,834,366	1,993,967
Cash and cash equivalents at end of year	6(1)	\$ 3,673,438	\$ 2,834,366

The accompanying notes are an integral part of these financial statements.

POYA INTERNATIONAL CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

(1) POYA International Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on March 12, 1997. The Company is primarily engaged in selling fashion accessories, arts and crafts, food, stationery, hardware and a variety of products.

(2) The common shares of the Company have been listed on the Taipei Exchange since September 2002.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These financial statements were authorized for issuance by the Board of Directors on February 23, 2026.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments as endorsed by the FSC and became effective from 2025 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board (“IASB”)</u>
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2026 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’	January 1, 2026
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by IASB
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027 (Note)
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027
Amendments to IAS 21, ‘Translation to a Hyperinflationary Presentation Currency’	January 1, 2027

Note : The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

Except for IFRS 18, ‘Presentation and disclosure in financial statements’, the above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

IFRS 18, ‘Presentation and disclosure in financial statements’

IFRS 18, ‘Presentation and disclosure in financial statements’ replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, these financial statements have been prepared under the historical cost convention:

Defined benefit assets are recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires that use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5, “Critical accounting judgements, estimates and key sources of assumption uncertainty”.

(3) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets that are expected to be realized, or are intended to be sold or consumed in the normal operating cycle;

(b) Assets that are held primarily for the purpose of trading;

(c) Assets that are expected to be realized within twelve months after the reporting period;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least twelve months after the reporting period.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled in the normal operating cycle;

(b) Liabilities that are held primarily for the purpose of trading;

(c) Liabilities that are due to be settled within twelve months after the reporting period;

(d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(4) Cash equivalents

- A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- B. Time deposits and repurchase agreements that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(5) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(6) Leasing arrangements (lessor) – lease receivables/ operating leases

- A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.
 - (a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as ‘Lease receivables’ at an amount equal to the gross investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as ‘Unearned finance income of finance lease’.
 - (b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor’s net investment in the finance lease.
 - (c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.
- B. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(7) Inventories

Based on the initial recognition at acquisition cost, the cost calculation method uses the retail method for estimation. At the end of the year, all inventories are stated at the lower of cost and net realizable value. When comparing cost and net realizable value, the item-by-item comparison method is used.

(8) Impairment of financial assets

At each reporting date, for accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive cash flows from the financial asset expire.

(10) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset,

as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Property, plant and equipment apply the cost model. Property, plant and equipment are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

<u>Asset</u>	<u>Useful lives</u>
Transportation equipment	5 years
Office equipment	2~10 years
Leasehold improvements	3~50 years
Other equipment	5~20 years

(11) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.
The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date; and
 - (c) Any initial direct costs incurred by the lessee.
 The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss. For all other lease modifications, the lessee shall remeasure the lease liability and adjust the right-of-use asset correspondingly.

(12) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(13) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(14) Borrowings

Borrowings comprise long-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(15) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(16) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

a. Defined contribution plan

For the defined contribution plan, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

b. Defined benefit plan

- I. The liability recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the balance sheet date).
 - II. Remeasurement arising on defined benefit plan is recognized in other comprehensive income in the period in which they arise, and presented in retained earnings.
- C. Employees' compensation and directors' remuneration
- Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(17) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

(18) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(19) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Board of Directors. Stock dividends are recorded as stock dividends to be distributed upon resolution by the Company's shareholders, and are reclassified to ordinary shares on the effective date of new shares issuance.

(20) Revenue recognition

A. The Company operates a chain of retail stores selling daily supplies. Revenue from the sale of goods is recognized when the Company sells a product to the customer.

B. Payment of the transaction price is due immediately when the customer purchases the product. It is the Company's policy to sell its products to the end customer with a right of return within a period. Therefore, a refund liability and a right to the returned goods (included in other current assets) are recognized for the products expected to be returned. Accumulated experience is used to estimate such returns using the expected value method. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

C. The Company operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discount on future purchases. The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. The stand-alone selling price per point is estimated on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price. A contract liability is recognized for the transaction price which is allocated to the points and revenue is recognized when the points are redeemed or expire.

D. Commission revenue

In accordance with IFRS 15 'Revenue', revenue is recognized when the counters sell its goods. The Company's transactions are not subject to significant risks and rewards associated with the sale of goods or the rendering of service and conform to the definition of an agent. Accordingly, the counter's net revenue is recognized representing commissions earned.

(21) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these financial statements requires management to make critical judgments in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, and the related information is addressed below:

(1) Critical judgments in applying the Company's accounting policies

Revenue recognition on a net/gross basis

The Company determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Company is a principal) or to arrange for the other party to provide those goods or services (i.e. the Company is an agent) based on the transaction model and its economic substance. The Company is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Company recognizes revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Company is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Company recognizes revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Company controls the good or service before it is provided to a customer include the following:

- A. The Company is primarily responsible for the provision of goods or services;
- B. The Company assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.
- C. The Company has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

None.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash:		
Cash on hand	\$ 59,171	\$ 52,809
Checking deposits and demand deposits	<u>847,611</u>	<u>2,781,557</u>
	<u>906,782</u>	<u>2,834,366</u>
Cash equivalents:		
Repurchase agreements	2,466,656	-
Time deposits	<u>300,000</u>	<u>-</u>
	<u>2,766,656</u>	<u>-</u>
	<u>\$ 3,673,438</u>	<u>\$ 2,834,366</u>

A. The Company transacts with a variety of financial institutions all with high credit rankings to diversify credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2025 and 2024, details of the Company's demand deposits and certificates of deposit pledged to others as collateral are provided in Note 8, "Pledged assets".

(2) Notes and accounts receivable, net

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Notes receivable	<u>\$ 301</u>	<u>\$ 280</u>
Accounts receivable - sponsorship	\$ 1,435,622	\$ 1,356,796
Accounts receivable - customers	<u>149,595</u>	<u>130,330</u>
	<u>\$ 1,585,217</u>	<u>\$ 1,487,126</u>

A. The Company has no past due notes and accounts receivable as of December 31, 2025 and 2024.

B. As of December 31, 2025 and 2024, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2024, the balance of receivables (including notes receivable) from contracts with customers amounted to \$1,447,322.

C. As of December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was its book value.

D. The Company did not hold any collateral as security as of December 31, 2025 and 2024.

E. Information relating to credit risk is provided in Note 12(2), "Financial instruments".

(3) Inventories

	December 31, 2025		
	Cost	Allowance for price decline of inventories	Carrying amount
Merchandise	<u>\$ 6,809,024</u>	<u>\$ -</u>	<u>\$ 6,809,024</u>
	December 31, 2024		
	Cost	Allowance for price decline of inventories	Carrying amount
Merchandise	<u>\$ 5,979,380</u>	<u>\$ -</u>	<u>\$ 5,979,380</u>

The cost of inventories recognized as expense for the year:

	For the years ended December 31,	
	2025	2024
Cost of inventories sold	<u>\$ 13,801,559</u>	<u>\$ 12,875,307</u>
Loss on physical inventory	<u>71,216</u>	<u>86,516</u>
	<u>\$ 13,872,775</u>	<u>\$ 12,961,823</u>

(4) Prepayments

	December 31, 2025	December 31, 2024
Overpaid value-added tax	<u>\$ 25,416</u>	<u>\$ 26,388</u>
Other prepaid expenses	<u>20,706</u>	<u>20,101</u>
	<u>\$ 46,122</u>	<u>\$ 46,489</u>

(5) Property, plant and equipment

	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Construction in progress and equipment before acceptance inspection</u>	<u>Total</u>
<u>At January 1, 2025</u>						
Cost	\$ 38,119	\$ 1,173,161	\$ 4,452,211	\$ 735,694	\$ 72,363	\$ 6,471,548
Accumulated depreciation	(15,987)	(550,558)	(1,584,321)	(192,800)	-	(2,343,666)
	<u>\$ 22,132</u>	<u>\$ 622,603</u>	<u>\$ 2,867,890</u>	<u>\$ 542,894</u>	<u>\$ 72,363</u>	<u>\$ 4,127,882</u>
For the year ended						
<u>December 31, 2025</u>						
At January 1	\$ 22,132	\$ 622,603	\$ 2,867,890	\$ 542,894	\$ 72,363	\$ 4,127,882
Additions	-	-	-	-	1,037,934	1,037,934
Transferred after acceptance inspection	2,160	307,692	588,546	79,743	(978,141)	-
Depreciation	(7,259)	(230,631)	(422,841)	(52,288)	-	(713,019)
Disposal-Cost	(5,187)	(231,123)	(355,418)	(28,932)	-	(620,660)
-Accumulated depreciation	4,857	227,722	333,665	23,368	-	589,612
At December 31	<u>\$ 16,703</u>	<u>\$ 696,263</u>	<u>\$ 3,011,842</u>	<u>\$ 564,785</u>	<u>\$ 132,156</u>	<u>\$ 4,421,749</u>
<u>At December 31, 2025</u>						
Cost	\$ 35,092	\$ 1,249,730	\$ 4,685,339	\$ 786,505	\$ 132,156	\$ 6,888,822
Accumulated depreciation	(18,389)	(553,467)	(1,673,497)	(221,720)	-	(2,467,073)
	<u>\$ 16,703</u>	<u>\$ 696,263</u>	<u>\$ 3,011,842</u>	<u>\$ 564,785</u>	<u>\$ 132,156</u>	<u>\$ 4,421,749</u>

	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Construction in progress and equipment before acceptance inspection</u>	<u>Total</u>
<u>At January 1, 2024</u>						
Cost	\$ 37,403	\$ 1,078,856	\$ 4,125,463	\$ 633,657	\$ 127,614	\$ 6,002,993
Accumulated depreciation	(17,683)	(590,577)	(1,546,769)	(159,745)	-	(2,314,774)
	<u>\$ 19,720</u>	<u>\$ 488,279</u>	<u>\$ 2,578,694</u>	<u>\$ 473,912</u>	<u>\$ 127,614</u>	<u>\$ 3,688,219</u>
For the year ended						
<u>December 31, 2024</u>						
At January 1	\$ 19,720	\$ 488,279	\$ 2,578,694	\$ 473,912	\$ 127,614	\$ 3,688,219
Additions	-	-	-	-	1,134,282	1,134,282
Transferred after acceptance inspection	10,574	363,076	696,739	119,144	(1,189,533)	-
Depreciation	(7,499)	(210,048)	(401,775)	(48,514)	-	(667,836)
Disposal-Cost	(9,858)	(268,771)	(369,991)	(17,107)	-	(665,727)
-Accumulated depreciation	<u>9,195</u>	<u>250,067</u>	<u>364,223</u>	<u>15,459</u>	<u>-</u>	<u>638,944</u>
At December 31	<u>\$ 22,132</u>	<u>\$ 622,603</u>	<u>\$ 2,867,890</u>	<u>\$ 542,894</u>	<u>\$ 72,363</u>	<u>\$ 4,127,882</u>
<u>At December 31, 2024</u>						
Cost	\$ 38,119	\$ 1,173,161	\$ 4,452,211	\$ 735,694	\$ 72,363	\$ 6,471,548
Accumulated depreciation	(15,987)	(550,558)	(1,584,321)	(192,800)	-	(2,343,666)
	<u>\$ 22,132</u>	<u>\$ 622,603</u>	<u>\$ 2,867,890</u>	<u>\$ 542,894</u>	<u>\$ 72,363</u>	<u>\$ 4,127,882</u>

- A. The property, plant and equipment were all owner-occupied as of December 31, 2025 and 2024.
- B. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of interest rates for such capitalization are as follows:

	For the years ended December 31,	
	2025	2024
Amount capitalized	\$ 2,226	\$ 2,551
Interest rate range	1.57%~2.27%	1.64%~1.88%

- C. As of December 31, 2025 and 2024, no property, plant and equipment was pledged to others.

(6) Leasing arrangements-lessee

- A. The Company leases various assets including buildings and structures, machinery and other equipment. Rental contracts are typically made for periods of 3 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The Company has lease contracts with the key management and non-related parties. The lease terms are between 3 to 20 years. As of December 31, 2025 and 2024, the amounts of deposits paid in accordance with the lease contracts were \$570,770 and \$508,738, respectively and were classified as “Refundable deposits”.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2025	December 31, 2024
	Carrying amount	Carrying amount
Buildings and structures	\$ 14,290,602	\$ 13,314,149
Machinery and equipment	7,450	13,519
Other equipment	5,796	7,642
	<u>\$ 14,303,848</u>	<u>\$ 13,335,310</u>

	For the years ended December 31,	
	2025	2024
	Depreciation charge	Depreciation charge
Buildings and structures	\$ 2,186,827	\$ 2,031,684
Machinery and equipment	6,399	6,139
Other equipment	1,846	1,740
	<u>\$ 2,195,072</u>	<u>\$ 2,039,563</u>

- D. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets were \$96,923 and \$125,636, respectively, and the additions from remeasurement of right-of-use assets were \$3,066,687 and \$2,712,073, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	For the years ended December 31,	
	2025	2024
<u>Items affecting (profit) or loss</u>		
Interest expense on lease liabilities	\$ 182,040	\$ 161,147
Expense on short-term lease contracts	25,427	22,748
Expense on leases of low-value assets	-	240
Expense on variable lease payments	111,091	102,597
Gain on sublease of right-of-use assets	(199,968)	(154,090)
Gain from lease modification	(13,399)	(1,982)

F. For the years ended December 31, 2025 and 2024, the Company's total cash outflow for leases were \$2,453,242 and \$2,316,605, respectively.

G. Variable lease payments

Some of the Company's lease contracts contain variable lease payment terms that are linked to sales generated from a store. For individual stores, up to 13%~15% of lease payments are on the basis of variable payment terms and are accrued based on the sales amount. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs for newly established stores. Various lease payments that depend on sales are recognized in profit or loss in the period in which the event or condition that triggers those payments occurs.

H. Extension and termination options

a. Extension options are included in approximately 87.23% of the Company's lease contracts pertaining to retail stores. These terms and conditions aim to maximize optional flexibility in terms of managing contracts.

b. In determining the lease term, the Company takes into consideration of all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(7) Leasing arrangements – lessor

A. The Company subleases underlying right-of-use assets – buildings and structures. Rental contracts are made for a period between 12 to 18 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The Company leases right-of-use assets – buildings and structures under a finance lease. Information on profit or loss in relation to lease contracts is as follows:

	For the years ended December 31,	
	2025	2024
Finance income from the net investment in the finance lease	\$ 2,411	\$ 1,905

C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Within 1 year	\$ 11,018	\$ 11,640
2-5 years	47,654	47,236
Over 5 years	105,384	117,390
	<u>\$ 164,056</u>	<u>\$ 176,266</u>

D. Reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided as follows:

	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Undiscounted lease payments	\$ 11,018	\$ 153,038	\$ 11,640	\$ 164,626
Unearned finance income	(2,460)	(16,828)	(2,347)	(17,876)
Net investment in the lease	<u>\$ 8,558</u>	<u>\$ 136,210</u>	<u>\$ 9,293</u>	<u>\$ 146,750</u>

E. The Company has no overdue lease receivables from the lessee, and the amount of loss arising from credit risk is assessed to be insignificant.

F. For the years ended December 31, 2025 and 2024, the Company recognised rent income in the amounts of \$197,557 and \$152,185, respectively, based on the operating lease agreement, which does not include variable lease payments.

G. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Within 1 year	\$ 213,486	\$ 196,916
2-5 years	715,864	686,384
Over 5 years	436,315	472,170
	<u>\$ 1,365,665</u>	<u>\$ 1,355,470</u>

(8) Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Salaries and bonuses payable	\$ 449,525	\$ 438,350
Accrued employees' compensation and directors' remuneration	258,500	234,500
Equipment payable	92,352	49,443
Labor and health insurance payable	52,515	49,945
Others	232,980	166,670
	<u>\$ 1,085,872</u>	<u>\$ 938,908</u>

(9) Long-term borrowings

<u>Nature</u>	<u>Borrowing period</u>	<u>Range of interest rates</u>	<u>Collateral</u>	<u>December 31, 2025</u>
Long-term bank borrowings				
Unsecured bank borrowings	1.12.2023~ 7.29.2028	1.81%~2.10%	None	\$ 3,582,257
Less: Current portion of long-term borrowings				(2,210,313)
				<u>\$ 1,371,944</u>
<u>Nature</u>	<u>Borrowing period</u>	<u>Range of interest rates</u>	<u>Collateral</u>	<u>December 31, 2024</u>
Long-term bank borrowings				
Unsecured bank borrowings	1.3.2022~ 12.2.2027	1.81%~2.17%	None	\$ 3,047,601
Less: Current portion of long-term borrowings				(1,445,900)
				<u>\$ 1,601,701</u>

For more information about interest expenses recognized by the Company for the years ended December 31, 2025 and 2024, refer to Note 6(18), "Finance costs".

(10) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March. Information on the Company's aforementioned pension plan is as follows:

a. The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligations	(\$ 65,570)	(\$ 61,379)
Fair value of plan assets	<u>86,479</u>	<u>77,826</u>
Net defined benefit assets	<u>\$ 20,909</u>	<u>\$ 16,447</u>

b. Movements in net defined benefit assets are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit asset</u>
<u>For the year ended December 31, 2025</u>			
Balance at January 1	(\$ 61,379)	\$ 77,826	\$ 16,447
Current service cost	(56)	-	(56)
Interest (expense) income	(982)	<u>1,245</u>	<u>263</u>
	<u>(62,417)</u>	<u>79,071</u>	<u>16,654</u>
Remeasurements:			
Return on plan assets	-	5,354	5,354
Change in financial assumptions	(1,252)	-	(1,252)
Experience adjustments	(2,495)	-	(2,495)
	<u>(3,747)</u>	<u>5,354</u>	<u>1,607</u>
Pension fund contribution	-	2,648	2,648
Paid pension	<u>594</u>	<u>(594)</u>	<u>-</u>
Balance at December 31	<u>(\$ 65,570)</u>	<u>\$ 86,479</u>	<u>\$ 20,909</u>

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit asset</u>
<u>For the year ended December 31, 2024</u>			
Balance at January 1	(\$ 64,269)	\$ 70,105	\$ 5,836
Current service cost	(55)	-	(55)
Interest (expense) income	(835)	<u>911</u>	<u>76</u>
	<u>(65,159)</u>	<u>71,016</u>	<u>5,857</u>
Remeasurements:			
Return on plan assets	-	6,221	6,221
Change in financial assumptions	1,940	-	1,940
Experience adjustments	(150)	-	(150)
	<u>1,790</u>	<u>6,221</u>	<u>8,011</u>
Pension fund contribution	-	2,579	2,579
Paid pension	<u>1,990</u>	<u>(1,990)</u>	<u>-</u>
Balance at December 31	<u>(\$ 61,379)</u>	<u>\$ 77,826</u>	<u>\$ 16,447</u>

- c. The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2025 and 2024 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- d. The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2025	2024
Discount rate	1.40%	1.60%
Future salary increases	2.50%	2.50%

Assumptions regarding future mortality experience are both set based on the sixth experience life table of Taiwan life insurance industry for the years ended December 31, 2025 and 2024. Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2025</u>				
Effect on present value of defined benefit obligation (\$	<u>1,560</u>)	<u>1,613</u>	<u>1,428</u>	<u>(\$ 1,391)</u>
<u>December 31, 2024</u>				
Effect on present value of defined benefit obligation (\$	<u>1,556</u>)	<u>1,611</u>	<u>1,439</u>	<u>(\$ 1,400)</u>

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- e. Expected contributions to the defined benefit pension plan of the Company for the next year amount to \$2,652.
- f. As of December 31, 2025, the weighted average duration of the retirement plan is 10 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	2,708
2-5 years		13,277
Over 5 years		23,109
	\$	<u>39,094</u>

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2025 and 2024 were \$135,725 and \$133,291, respectively.

(11) Common stock

A. Movements in the number of the Company’s ordinary shares outstanding are as follows (in thousands of shares):

	For the years ended December 31,	
	2025	2024
Balance at January 1	104,936	103,493
Stock dividends	1,050	1,035
Employees’ stock compensation	458	408
Balance at December 31	<u>106,444</u>	<u>104,936</u>

B. On May 28, 2024, the Company’s shareholders during their meeting adopted a resolution and reported to shareholders at its meeting to issue new shares of common stock through capitalization of unappropriated retained earnings of \$10,349 and employees’ compensation payable of \$201,300. As approved by the Securities and Futures Bureau, Financial Supervisory Commission, the effective date of the capitalization was set on June 29, 2024. Of the amount of \$201,300 employees’ stock compensation, 408 thousand shares were calculated based on the fair value per share at the preceding day of the Board of Directors’ meeting, after taking into account the effects of ex-rights and ex-dividends. Amounts arising in excess of par value on issuance are classified as capital surplus-additional paid-in capital.

C. On May 27, 2025, the Company’s shareholders during their meeting adopted a resolution and reported to shareholders at its meeting to issue new shares of common stock through capitalization of unappropriated retained earnings of \$10,494 and employees’ compensation payable of \$225,000. As approved by the Securities and Futures Bureau, Financial Supervisory

Commission, the effective date of the capitalization was set on July 21, 2025. Of the amount of \$225,000 employees' stock compensation, 458 thousand shares were calculated based on the fair value per share at the preceding day of the Board of Directors' meeting, after taking into account the effects of ex-rights and ex-dividends. Amounts arising in excess of par value on issuance are classified as capital surplus-additional paid-in capital.

D. As of December 31, 2025, the Company's total authorized capital was \$1,200,000 (including \$20,000 reserved for employee stock options) and the paid-in capital was \$1,064,438 (106,444 thousand shares) with par value of \$10 (in dollars) per share.

(12) Capital surplus

Pursuant to the Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is used.

(13) Retained earnings

A. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks or distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital.

B. As the Company operates in a volatile business environment and is in stable growth stage, the appropriation of earnings should consider fund requirements and capital budget in determining how much earnings will be kept or distributed and how much cash dividends will be distributed. Under the Company's Articles of Incorporation, 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve. The remaining net income is the distributable net profit of this period, which is added to the unappropriated retained earnings from prior years to arrive at the accumulated distributable net profit. After considering business environment, future operations, the need for reinvestment, etc., the Board of Directors will propose a resolution for the distribution of earnings which will be approved at the shareholders' meeting. The distributable net profit shall be appropriated as: 50%~100% of accumulated distributable net profit will be appropriated as dividends and bonuses to shareholders, with cash dividends being at least 1% of the total dividends. Amounts shall be distributed as stock dividends when the cash dividend per share is less than \$0.5 (in dollars). The Company's Board of Directors distributed all or part of the distributable dividends and bonuses in cash through a resolution adopted by a majority vote at its meeting attended by two-thirds of the total number of directors and reported it to the shareholders' meeting. The aforementioned regulations of requiring the resolutions from the shareholders are not applicable.

- C. In accordance with the regulations, the Company shall set aside special reserve arising from the debit balance in other equity items at the balance sheet date before distributing earnings. When debit balance in other equity items is reversed subsequently, an equal amount could then be used for distribution.
- D. The Company recognized cash dividends distributed to owners in 2024 amounting to \$2,173,352 (\$21 dollars per share) and the distribution of stock dividends of \$10,349 (\$0.1 dollar per share). The distribution of cash dividends from 2024 earnings was resolved by the Board of Directors on February 24, 2025, and reported at the shareholders' meeting on May 27, 2025. The distribution includes a cash dividend of \$2,413,533 (\$23 dollars per share). On May 27, 2025, the shareholders during their meeting also resolved to distribute a stock dividend of \$10,494 (\$0.1 dollar per share) from 2024 earnings. During its meeting on February 23, 2026, the Board of Directors resolved to distribute of cash dividends amounting to \$2,714,318 (\$25.5 dollars per share) from the 2025 earnings. Information about the distribution of dividends by the Company as proposed by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(14) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time as follows:

	For the years ended December 31,	
	2025	2024
Merchandise sales	\$ 25,210,262	\$ 23,508,624
License income	109,579	119,598
	<u>\$ 25,319,841</u>	<u>\$ 23,628,222</u>

B. Contract assets and liabilities

As of December 31, 2025, January 1, 2025 (December 31, 2024), and January 1, 2024, the Company has no revenue-related contract assets, and the Company has recognized the following revenue-related contract liabilities:

	December 31, 2025	January 1, 2025 (December 31, 2024)	January 1, 2024
	Contract liabilities:		
– Customer loyalty programmes	\$ 88,775	\$ 57,824	\$ 63,995
– Unearned receipts	31,808	29,715	26,935
	<u>\$ 120,583</u>	<u>\$ 87,539</u>	<u>\$ 90,930</u>

a. Significant changes in contract assets and liabilities

The Company has no significant changes in contract assets and liabilities for the years ended December 31, 2025 and 2024.

b. Revenue recognized that was included in the contract liability balance at the beginning of the year is shown below:

	For the years ended December 31,	
	2025	2024
Revenue recognized that was included in the contract liability balance at the beginning of the year		
Customer loyalty programmes	\$ 57,824	\$ 63,995
Unearned receipts	29,715	26,935
	<u>\$ 87,539</u>	<u>\$ 90,930</u>

(15) Interest income

	For the years ended December 31,	
	2025	2024
Interest income from bank deposits	\$ 54,733	\$ 18,836
Other interest income	6,573	5,348
	<u>\$ 61,306</u>	<u>\$ 24,184</u>

(16) Other income

	For the years ended December 31,	
	2025	2024
Rental income	\$ 197,557	\$ 152,185
Other income	38,867	49,098
	<u>\$ 236,424</u>	<u>\$ 201,283</u>

(17) Other gains and losses

	For the years ended December 31,	
	2025	2024
Loss on disposal of property, plant and equipment	(\$ 28,894)	(\$ 21,625)
(Loss) income from subleasing right-of-use assets	(2,256)	39,998
Gain from lease modification	13,399	1,982
	<u>(\$ 17,751)</u>	<u>\$ 20,355</u>

(18) Finance costs

	For the years ended December 31,	
	2025	2024
Interest expense:		
Bank borrowings	\$ 66,428	\$ 43,876
Others	167,368	146,073
Less: Capitalization of qualifying assets	(2,226)	(2,551)
	<u>\$ 231,570</u>	<u>\$ 187,398</u>

(19) Expenses by nature

	For the year ended December 31, 2025		
	Operating expenses	Operating costs	Total
Employee benefit expense	<u>\$ 3,113,573</u>	<u>\$ 359,280</u>	<u>\$ 3,472,853</u>
Depreciation	<u>\$ 2,710,581</u>	<u>\$ 197,510</u>	<u>\$ 2,908,091</u>

	For the year ended December 31, 2024		
	Operating expenses	Operating costs	Total
Employee benefit expense	<u>\$ 3,105,058</u>	<u>\$ 320,360</u>	<u>\$ 3,425,418</u>
Depreciation	<u>\$ 2,544,971</u>	<u>\$ 162,428</u>	<u>\$ 2,707,399</u>

(20) Employee benefit expenses

	For the year ended December 31, 2025		
	Operating expenses	Operating costs	Total
<u>Full-time employees</u>			
Wages and salaries	\$ 2,332,070	\$ 127,988	\$ 2,460,058
Labor and health insurance expense	252,436	13,532	265,968
Pension costs	110,339	6,924	117,263
Directors' remuneration	7,500	-	7,500
Other personnel expenses	16,436	124	16,560
	<u>\$ 2,718,781</u>	<u>\$ 148,568</u>	<u>\$ 2,867,349</u>

	For the year ended December 31, 2025		
	Operating expenses	Operating costs	Total
<u>Part-time employees</u>			
Wages and salaries	\$ 333,852	\$ 6,813	\$ 340,665
Labor and health insurance expense	42,685	-	42,685
Pension costs	18,255	-	18,255
Other personnel expenses	-	203,899	203,899
	<u>\$ 394,792</u>	<u>\$ 210,712</u>	<u>\$ 605,504</u>

	For the year ended December 31, 2024		
<u>Full-time employees</u>	<u>Operating expenses</u>	<u>Operating costs</u>	<u>Total</u>
Wages and salaries	\$ 2,270,345	\$ 112,498	\$ 2,382,843
Labor and health insurance expense	239,259	11,419	250,678
Pension costs	106,300	5,945	112,245
Directors' remuneration	7,500	-	7,500
Other personnel expenses	14,844	34	14,878
	<u>\$ 2,638,248</u>	<u>\$ 129,896</u>	<u>\$ 2,768,144</u>

	For the year ended December 31, 2024		
<u>Part-time employees</u>	<u>Operating expenses</u>	<u>Operating costs</u>	<u>Total</u>
Wages and salaries	\$ 396,185	\$ 6,315	\$ 402,500
Labor and health insurance expense	49,600	-	49,600
Pension costs	21,025	-	21,025
Other personnel expenses	-	184,149	184,149
	<u>\$ 466,810</u>	<u>\$ 190,464</u>	<u>\$ 657,274</u>

A. The number of full time employees were 4,100 and 4,276, while part time employees were 1,086 and 1,459 on average for the years ended December 31, 2025 and 2024, respectively, including 5 directors for both years.

The employee benefit expenses were \$55,735 and \$49,712, while the employee wages and salaries were \$45,046 and \$40,511 on average for the years ended December 31, 2025 and 2024, respectively. The employee wages and salaries for the year ended December 31, 2025 increased by approximately 11.19% compared to the year ended December 31, 2024.

B. Under the salary and compensation policy of the Company, directors' remuneration is reviewed by the Compensation Committee based on the degree of their participation, the value contributed to the Company's operations, and the average level in the industry; the compensation for executive officers is reviewed by the Committee and resolved by the Board of Directors based on executive officers' job title, function, contribution, performance, and in consideration of the Company's future risk, etc.; the salary levels of employees vary depending on positions, job requirements and job substitution. At the same time, employees' skills, experience and education are considered as the main basis for salary assessment. The Company understands the industry salary standard and adjusts the salary levels and salary structure in time through regular salary surveys, which is the salary evaluation basis for special talents or newly added positions.

C. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation (At least 70% of the designated amount shall be allocated for distribution as remuneration to rank-and-file employees) and shall not be higher than 6% for directors' remuneration.

D. For the years ended December 31, 2025 and 2024, employees' compensation were accrued at \$251,000 and \$227,000, respectively; while directors' remuneration were both accrued at \$7,500. The aforementioned amounts were recognized in salary expenses that were estimated and accrued based on the distributable net profit of current year calculated by the percentage prescribed under the Company's Articles of Incorporation. The employees' compensation and directors' remuneration resolved by the Board of Directors on February 23, 2026 were \$251,000 and \$7,500, respectively. The employees' compensation will be distributed in the form of cash. The employees' compensation and directors' remuneration resolved by the Board of Directors on February 24, 2025 were \$7,500, respectively. There is a \$2,000 variance between the employees' compensation and directors' remuneration recognized in the 2024 financial statements and the actual distribution, primarily due to estimation differences. This variance has been adjusted in the 2025 financial statements. The number of shares to be distributed as employees' compensation for 2024 and 2023 were 458 thousand and 408 thousand shares, respectively. Refer to Note 6(11), "Common stock" for details.

Information about employees' compensation and directors' remuneration by the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expense

a. Components of income tax expense:

	For the years ended December 31,	
	2025	2024
Current income tax:		
Current tax on profits for the year	\$ 792,737	\$ 701,800
Prior year income tax (over) under estimation	(5,063)	6
Total current tax	<u>787,674</u>	<u>701,806</u>
Deferred tax:		
Origination and reversal of temporary differences	(7,066)	44
Income tax expense	<u>\$ 780,608</u>	<u>\$ 701,850</u>

b. The income tax charged to components of other comprehensive income during the year is as follows:

	For the years ended December 31,	
	2025	2024
Remeasurements of defined benefit obligations	<u>\$ 321</u>	<u>\$ 1,602</u>

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2025	2024
Tax calculated based on profit before tax and statutory tax rate	\$ 784,628	\$ 701,249
Expenses disallowed by tax regulation	1,043	595
Prior year income tax (over) under estimation	(5,063)	6
Income tax expense	<u>\$ 780,608</u>	<u>\$ 701,850</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	For the year ended December 31, 2025			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
– Deferred tax assets:				
Unrealized expense	\$ 15,691	\$ 1,447	\$ -	\$ 17,138
Pension	4,307	-	(321)	3,986
Unearned revenue	11,565	6,190	-	17,755
	<u>\$ 31,563</u>	<u>\$ 7,637</u>	<u>(\$ 321)</u>	<u>\$ 38,879</u>
– Deferred tax liabilities:				
Pension	(\$ 6,898)	(\$ 571)	\$ -	(\$ 7,469)
	<u>\$ 24,665</u>	<u>\$ 7,066</u>	<u>(\$ 321)</u>	<u>\$ 31,410</u>

	For the year ended December 31, 2024			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
– Deferred tax assets:				
Unrealized expense	\$ 13,981	\$ 1,710	\$ -	\$ 15,691
Pension	5,909	-	(1,602)	4,307
Unearned revenue	12,799	(1,234)	-	11,565
	<u>\$ 32,689</u>	<u>\$ 476</u>	<u>(\$ 1,602)</u>	<u>\$ 31,563</u>
– Deferred tax liabilities:				
Pension	(\$ 6,378)	(\$ 520)	\$ -	(\$ 6,898)
	<u>\$ 26,311</u>	<u>(\$ 44)</u>	<u>(\$ 1,602)</u>	<u>\$ 24,665</u>

D. As of February 23, 2026, the Company's income tax returns through 2023 have been assessed by the Tax Authority, and there were no disputes existing between the Company and the Tax Authority.

(23) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2025	2024
Purchase of property, plant and equipment	\$ 1,037,934	\$ 1,134,282
Add: Beginning balance of payable on equipment (Other payables)	49,443	77,400
Less: Ending balance of payable on equipment (Other payables)	(92,352)	(49,443)
Capitalization of interest	(2,226)	(2,551)
Cash paid for acquisition of property, plant and equipment	<u>\$ 992,799</u>	<u>\$ 1,159,688</u>

B. Investing and financing activities with no cash flow effects:

	For the years ended December 31,	
	2025	2024
(a) Right-of-use assets transferred to finance lease receivable	\$ -	\$ 59,447
(b) Accrued employees' compensation transferred to stock dividends to be distributed	<u>\$ 225,000</u>	<u>\$ 201,300</u>

(24) Changes in liabilities from financing activities

	Long-term borrowings (Including current portion)	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2025	\$ 3,047,601	\$ 13,461,035	\$ 39,751	\$ 16,548,387
Changes in cash flow from financing activities	534,656	(2,037,761)	4,859	(1,498,246)
Changes in other non-cash items	-	3,053,288	-	3,053,288
At December 31, 2025	<u>\$ 3,582,257</u>	<u>\$ 14,476,562</u>	<u>\$ 44,610</u>	<u>\$ 18,103,429</u>
	Long-term borrowings (Including current portion)	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2024	\$ 2,161,354	\$ 12,655,181	\$ 57,443	\$ 14,873,978
Changes in cash flow from financing activities	886,247	(1,904,237)	(17,692)	(1,035,682)
Changes in other non-cash items	-	2,710,091	-	2,710,091
At December 31, 2024	<u>\$ 3,047,601</u>	<u>\$ 13,461,035</u>	<u>\$ 39,751</u>	<u>\$ 16,548,387</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Chen Chien-Tsao	Key management of the Company

(2) Significant related party transactions

Lease transactions – lessee

A. The Company leases office from the key management of the Company. Rental contracts are typically made for 3 years. Rents are paid at the end of the month.

B. Acquisition of right-of-use assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Key management of the Company	\$ 8,778	\$ -

C. Lease liabilities

(a) Outstanding balance

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Key management of the Company	\$ 5,902	\$ -

Classified as “Current lease liabilities” and “Non-current lease liabilities”.

(b) Interest expense

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Key management of the Company	\$ 124	\$ 14

(3) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Salaries and other short-term employee benefits	\$ 28,790	\$ 27,956

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

<u>Assets</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>Purpose of collateral</u>
Demand deposits (Note)	\$ 7,237	\$ 7,237	Performance guarantee
Certificate of deposit (Note)	6,050	6,050	Refundable deposits
	<u>\$ 13,287</u>	<u>\$ 13,287</u>	

(Note) Classified as "Other current financial assets" and "Other non-current financial assets".

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Capital expenditures contracted for but not yet incurred

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Property, plant and equipment	\$ 120,401	\$ 122,775

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On February 23, 2026, the Board of Directors resolved a change in the par value of the Company's common stock, proposing to adjust the par value per share from NT\$10 to NT\$1. The number of shares issued will be adjusted in the same proportion. Following this change in par value, the Company's total paid-in capital will remain unchanged; however, the number of common shares will be adjusted from the original 106,443,826 shares to 1,064,438,260 shares.

This change is subject to approval by the shareholders and relevant regulatory authorities. It is anticipated that the change will not have a material impact on the Company's financial condition.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

Details of financial instruments by category of the Company are described in Note 6.

B. Financial risk management policies

The Company adopts a comprehensive risk management system to identify all risks (including market risk, credit risk and liquidity risk) and to enable key management to measure and control all risks. The Company's objectives when managing market risk are achieving optimal risk exposure, maintaining appropriate liquidity and managing all market risks centrally by taking into account the economic environment, competition and market risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange risk

Since the main transactions of the Company are denominated in New Taiwan dollars, the Company is not engaged in foreign exchange contracts. Therefore, the Company is not exposed to significant foreign exchange risk.

II. Price risk

The Company is not engaged in any financial instrument or derivatives investment, hence is not exposed to price risk.

III. Cash flow and fair value interest rate risk

i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. For the years ended December 31, 2025 and 2024, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.

ii. The Company's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate had increased/decreased by 10% with all other variables held constant, other comprehensive income for the years ended December 31, 2025 and 2024, would have decreased/increased by \$5,314 and \$3,510, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

I. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

II. The Company manages its credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

III. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a

significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over certain number of days.

- IV. The Company classifies customers' accounts receivable in accordance with credit risk on trade. The Company applies the modified approach using the provision matrix to estimate expected credit loss.
 - V. The Company uses the forecast to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2025 and 2024, the Company's expected loss rate used in not past due accounts receivable is immaterial, and the Company has no past due accounts receivable.
 - VI. The Company did not recognize the immaterial impairment losses when applying the modified approach for the years ended December 31, 2025 and 2024.
- (c) Liquidity risk

- I. Cash flow forecasting is performed by the Company. The Company's Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- II. The Company has the following undrawn borrowing facilities:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Floating rate:		
Expiring within one year	\$ 1,946,790	\$ 1,055,222
Expiring beyond one year	<u>1,820,953</u>	<u>1,136,059</u>
	<u>\$ 3,767,743</u>	<u>\$ 2,191,281</u>

- III. The table below analyses the Company's non-derivative financial liabilities and relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>December 31, 2025</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities				
Notes payable	\$ 51,942	\$ -	\$ -	\$ -
Accounts payable	3,744,329	-	-	-
Other payables	1,085,872	-	-	-
Lease liabilities (including current and non-current portion)	2,247,201	2,182,027	5,224,249	5,734,818
Long-term borrowings (including current portion)	2,251,544	1,009,882	387,654	-
Guarantee deposits received	-	42,670	-	1,940
<u>December 31, 2024</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities				
Notes payable	\$ 57,143	\$ -	\$ -	\$ -
Accounts payable	3,387,697	-	-	-
Other payables	938,908	-	-	-
Lease liabilities (including current and non-current portion)	2,064,491	1,980,848	4,927,639	5,237,941
Long-term borrowings (including current portion)	1,471,650	1,130,086	500,140	-
Guarantee deposits received	-	39,751	-	-

(3) Fair value information

The carrying amounts of the Company's financial instruments not measured at fair value including cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits, notes payable, accounts payable, other payables, long-term borrowings (including current portion) and guarantee deposits received are approximate to their fair values.

13. SUPPLEMENTARY DISCLOSURES

(In accordance with the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2025.)

(1) Significant transaction information

- A. Loans to others: None.
- B. Provision of endorsements and guarantee to others provided: None.
- C. Holding of significant marketable securities at the end of the period: None.
- D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- E. Receivables from related parties reaching \$100 million or 20% of the paid-in capital or more: None.
- F. Significant inter-company transactions: None.

(2) Disclosure information of investee company

None.

(3) Disclosure information on indirect investments in Mainland China

As of December 31, 2025, the Company had no investments in Mainland China.

14. SEGMENT INFORMATION

(1) General information

The Company operates business only in a single industry. The Company's chief operating decision-maker, who allocates resources and assesses performance of the Company as a whole, has identified that the Company has only one reportable operating segment.

(2) Measurement of segment information

The Board of Directors evaluates the performance of the operating segments based on a measure of EBIT. This measurement basis excludes the effects of non-recurring earnings and expenditures from the operating segments. The accounting policies of the operating segment are the same with those summarized in Note 4 of the financial statements.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the years ended December 31,	
	2025	2024
	Retailing	Retailing
Segment revenue	\$ 25,319,841	\$ 23,628,222
Revenue from external customers (net)	25,319,841	23,628,222
Depreciation	2,908,091	2,707,399
Finance cost	231,570	187,398
Segment pre-tax profit	3,923,139	3,506,243
Segment assets	31,658,513	28,564,110
Segment liabilities	23,550,195	21,411,076

(4) Reconciliation for segment (loss) income

A. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. The segment income reported to the chief operating decision-maker is measured in a manner consistent with that in the financial statements. Therefore, a reconciliation is not needed.

B. The amounts provided to the chief operating decision-maker with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. Therefore, a reconciliation is not needed.

(5) Information on products and services

Please refer to Note 6(14) Operating revenue for related information.

(6) Geographical information

The Company's geographical information for the years ended December 31, 2025 and 2024 is as follows:

	<u>For the year ended December 31, 2025</u>		<u>For the year ended December 31, 2024</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	<u>\$ 25,319,841</u>	<u>\$ 18,745,985</u>	<u>\$ 23,628,222</u>	<u>\$ 17,480,565</u>

(7) Major customer information

The Company's annual revenue from each customer for the years ended December 31, 2025 and 2024 did not reach more than 10% of the revenue on the statement of comprehensive income.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Items</u>	<u>Description</u>	<u>Amount</u>
Cash:		
Cash on hand		\$ 59,171
Checking Deposits		39,586
Demand Deposits—New Taiwan dollar		808,025
Cash equivalents:		
Time deposits - New Taiwan dollar	Due on January 31, 2026, interest rate at 1.57%	300,000
Repurchase Agreements—New Taiwan dollar	Due between January 12, 2026 to February 6, 2026, interest rate at 1.48%	2,466,656
		<u>\$ 3,673,438</u>

POYA INTERNATIONAL CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Client Name</u>	<u>Item</u>	<u>Amount</u>
Others (less than 2%)	Accounts receivable - credit card and sponsorship	<u>\$ 1,585,217</u>

POYA INTERNATIONAL CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Item	Amount		Note
	Cost	Net Realizable Value	
Merchandise	\$ 6,809,024	\$ 9,008,992	(Note)

(Note) The net realizable value was estimated taking into account retail price reductions due to promotions.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT-COST
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(5) for the information related to property, plant and equipment.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT-ACCUMULATED
DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(5) for the information related to property, plant and equipment, and Note 4(10) for the method to determine depreciation and useful lives for assets.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS-COST
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Total</u>
Balance at January 1, 2025	\$ 22,955,282	\$ 43,031	\$ 15,505	\$ 23,013,818
Increase in lease liabilities	3,289,643	-	-	3,289,643
Additions	96,593	330	-	96,923
Decrease	(431,479)	-	-	(431,479)
Balance at December 31, 2025	<u>\$ 25,910,039</u>	<u>\$ 43,361</u>	<u>\$ 15,505</u>	<u>\$ 25,968,905</u>

POYA INTERNATIONAL CO., LTD.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS -ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Total</u>
Balance at January 1, 2025	\$ 9,641,133	\$ 29,512	\$ 7,863	\$ 9,678,508
Additions	2,186,827	6,399	1,846	2,195,072
Decrease	(208,523)	-	-	(208,523)
Balance at December 31, 2025	<u>\$ 11,619,437</u>	<u>\$ 35,911</u>	<u>\$ 9,709</u>	<u>\$ 11,665,057</u>

POYA INTERNATIONAL CO., LTD.
STATEMENT OF REFUNDABLE DEPOSITS
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Amount</u>
Lease deposit	\$ 570,770
Others (less than 5%)	<u>7,092</u>
	<u>\$ 577,862</u>

POYA INTERNATIONAL CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2025
 (Expressed in thousands of New Taiwan dollars)

<u>Suppliers Name</u>	<u>Description</u>	<u>Amount</u>
MENTHOLATUM TAIWAN LIMITED	Accounts payable	\$ 96,831
XUAN XIN CO., LTD.	Accounts payable	82,884
TAIWAN KANEBO COSMETICS CO., LTD.	Accounts payable	78,469
Others (less than 2%)	Accounts payable	<u>3,486,145</u>
		<u>\$ 3,744,329</u>

POYA INTERNATIONAL CO., LTD.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(8) for the information related to other payables.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF CURRENT INCOME TAX LIABILITIES
DECEMBER 31, 2025
 (Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Income tax payable	—	\$ 436,566	—

POYA INTERNATIONAL CO., LTD.
STATEMENT OF CURRENT LEASE LIABILITIES
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Lease terms</u>	<u>Discount rate</u>	<u>Amount</u>
Buildings and structures	2019.01 ~ 2044.09	0.0789~0.1484%	\$ 2,056,813
Machinery and equipment	2019.01 ~ 2029.09	0.0850~0.1484%	3,292
Other equipment	2019.01 ~ 2033.01	0.0789~0.1438%	1,446
			<u>\$ 2,061,551</u>

POYA INTERNATIONAL CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS, CURRENT PORTION
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Creditor</u>	<u>Description</u>	<u>Rate</u>	<u>Loan amount</u>	<u>Collateral</u>
Hua Nan Commercial Bank	Unsecured borrowings	(Note)	\$ 1,044,444	None
KGI Bank	Unsecured borrowings	(Note)	300,000	None
Yuanta Commercial Bank	Unsecured borrowings	(Note)	268,091	None
Entie Commercial Bank	Unsecured borrowings	(Note)	166,667	None
E.SUN Commercial Bank	Unsecured borrowings	(Note)	161,111	None
First Commercial Bank	Unsecured borrowings	(Note)	100,000	None
Taiwan Shin Kong Commercial Bank	Unsecured borrowings	(Note)	100,000	None
Far Eastern International Bank	Unsecured borrowings	(Note)	70,000	None
			<u>\$ 2,210,313</u>	

(Note) Range of interest rates is 1.81%~2.10%.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Creditor	Description	Loan Amount	Expiry date	Rate	Collateral	Note
Hua Nan Commercial Bank	Unsecured borrowings	\$ 1,572,222	2023.1.12~2028.5.28	(Note)	None	An amount of \$1,272,222 is being repaid in monthly installments, covering both principal and interest. Additionally, \$300,000 is subject to monthly interest payments, with the principal due for repayment at maturity.
Yuanta Commercial Bank	Unsecured borrowings	431,979	2023.8.14~2028.7.29	(Note)	None	Monthly repayment of principal and interest.
E.SUN Commercial Bank	Unsecured borrowings	395,834	2023.8.11~2028.6.24	(Note)	None	An amount of \$195,834 is being repaid in monthly installments, covering both principal and interest. Additionally, \$200,000 is subject to monthly interest payments, with the principal due for repayment at maturity.
Entie Commercial Bank	Unsecured borrowings	318,611	2024.8.6~2027.11.18	(Note)	None	Monthly repayment of principal and interest.
KGI Bank	Unsecured borrowings	300,000	2025.12.24~2026.6.24	(Note)	None	Interest is payable monthly, with the principal due for repayment at maturity. The company is entitled, under the agreement, to utilize the loan on a revolving basis within the credit period (from June 2, 2025 to June 2, 2028). However, each drawdown must not exceed a term of 6 months.
Taiwan Shin Kong Commercial Bank	Unsecured borrowings	225,000	2025.3.26~2028.3.26	(Note)	None	Monthly repayment of principal and interest.
Far Eastern International Bank	Unsecured borrowings	176,111	2024.2.22~2028.7.28	(Note)	None	Monthly repayment of principal and interest.
First Commercial Bank	Unsecured borrowings	<u>162,500</u>	2024.7.23~2027.10.15	(Note)	None	Monthly repayment of principal and interest.
		3,582,257				
	Less: Current portion	<u>(2,210,313)</u>				
		<u>\$ 1,371,944</u>				

(Note) Range of interest rates is 1.81%~2.10%.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF NON-CURRENT LEASE LIABILITIES
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Lease terms</u>	<u>Discount rate</u>	<u>Amount</u>
Buildings and structures	2019.1 ~ 2044.9	0.0789%~0.1484%	\$ 14,463,100
Machinery and equipment	2019.1 ~ 2029.9	0.0850%~0.1484%	7,539
Other equipment	2019.1 ~ 2033.1	0.0789%~0.1438%	5,923
			<u>14,476,562</u>
		Less: Current portion	(<u>2,061,551</u>)
			<u>\$ 12,415,011</u>

POYA INTERNATIONAL CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Amount</u>	<u>Note</u>
Retail store revenue	\$ 25,210,262	Revenue from retail stores selling daily supplies
Other operating revenue	<u>109,579</u>	Commission revenue
Operating revenue	<u>\$ 25,319,841</u>	

POYA INTERNATIONAL CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Amount</u>
Merchandise at January 1, 2025	\$ 5,979,380
Add : Merchandise purchased	13,980,467
Less : Loss on physical inventory	(71,216)
Merchandise at December 31, 2025	(6,809,024)
Merchandise sold in this period	13,079,607
Loss on physical inventory	71,216
Other operating costs	721,952
Operating costs	<u>\$ 13,872,775</u>

POYA INTERNATIONAL CO., LTD.
STATEMENT OF OTHER OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Amount</u>
Salaries and wages	\$ 141,725
Depreciation	197,510
Shipping expenses	148,865
Others (less than 3%)	<u>233,852</u>
	<u>\$ 721,952</u>

POYA INTERNATIONAL CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Amount</u>
Salaries and wages	\$ 2,403,072
Utilities	464,462
Insurance	273,860
Depreciation	2,589,319
Handling fee	300,542
Others (less than 3%)	774,072
	<u>\$ 6,805,327</u>

POYA INTERNATIONAL CO., LTD.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Amount</u>
Salaries and wages	\$ 398,944
Travelling expenses	36,657
Advertisement	48,382
Utilities	23,228
Insurance	48,146
Depreciation	121,262
Others (less than 3%)	90,390
	<u>\$ 767,009</u>

POYA INTERNATIONAL CO., LTD.
STATEMENT OF OTHER REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(16) for the information related to other income.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF FINANCIAL COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(18) for the information related to financial costs.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND
AMORTIZATION EXPENSES IN THE CURRENT PERIOD
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(19) for the additional information related to expenses by nature and Note 6(20) for the information related to employee benefit expenses.