

Stock Code: 7718

SPEC Products Corp.
Parent company only financial statements and independent auditors’
report
2024 and 2023

Company address: 9F-4, No. 358, Sec. 1, Dongmen Rd., East Dist., Tainan City
Tel.: (06)236-0687

Parent company only financial statements
Table of Contents

Item	Page No.
I. Front cover	1
II. Table of Contents	2
III. Independent Auditors' Report	3~8
IV. Parent company only balance sheet	9~10
V. Parent company only statement of comprehensive income	11
VI. Parent company only statement of changes in equity	12
VII. Parent company only statement of cash flows	13
VIII. Notes to parent company only financial statements	
(I) Company history	14
(II) Date and procedures for approving the financial statements	14
(III) Application of new and revised standards and interpretations	14~19
(IV) Summary of significant accounting policies	19~42
(V) Major accounting judgments, estimates, and major sources of uncertainty for assumptions	42~45
(VI) Descriptions of significant accounting items	45~71
(VII) Related party transactions	71~73
(VIII) Pledged assets	73
(IX) Significant contingent liabilities and unrecognized contractual commitments	74
(X) Losses from major disasters	74
(XI) Significant Events	74
(XII) Others	75~84
(XIII) Disclosures in Notes	84~85
1. Significant transactions and information on investees	84~85、86~89
2. Information on investments in Mainland China	85、90
3. Information of major shareholders	85
(XIV) Department information	85
IX. Significant accounting items	91~100

Independent Auditors' Report

To: SPEC Products Corp.

Auditors' opinions

We have audited the balance sheet of SPEC Products Corp. as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, change in equity and cash flow and the notes (including the summary of significant accounting policies) for the years then ended December 31, 2024 and 2023.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of the audit opinion

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibility under these standards is further explained in the section of responsibility for the audit of the parent company only financial statements. We are independent of the Company in accordance with the Code of Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that sufficient and appropriate audit evidence has been obtained in order to serve as the basis for presenting the audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the Company for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

The end date of export sales income

The operating revenue of the Company, NT\$2,243,053 thousand, was recognized in 2024. The main source of revenue is from the manufacturing and sales of screws, bolts and fasteners. The recognition of revenue from export sales is mainly based on the terms and conditions of the contract, and revenue is recognized only when the control of the goods is transferred. The transfer of control over goods to customers and the performance of performance obligations involve manual work and judgment. The assessment of the impact on the financial statements is significant. Therefore, we have listed it as a key audit matter.

Our audit procedures include (but are not limited to): assessing and testing the effectiveness of internal control design and execution related to revenue recognition in the sales cycle, including reviewing the terms and conditions of the transaction; selecting samples to perform detailed testing of sales revenue transactions; reviewing the major terms and conditions in customer orders; and checking the accuracy of the timing and amount of revenue recognition by using relevant transaction certificates; for the period before and after the balance sheet date, the cut-off test is conducted to confirm that the company recognizes the revenue in the correct period; and reviewing whether there is a significant reversal of the operating revenue after the balance sheet date.

We also took into account the appropriateness of the disclosures of operating revenues in Notes 4 and 6 to the parent company only financial statements.

Inventory valuation for obsolete and slow-moving inventories

As of December 31, 2024, the Company's inventory net amount was NT\$170,157 thousand, accounting for 9% of the total assets. This is considered material in the financial statements. As the amount of inventory obsolescence loss allowance involves significant judgments by the management, product technology and market changes must be considered. The amount of allowance for inventory valuation and obsolescence losses above is significant to the financial statements of SPEC Products Corp., therefore we have listed it as a key audit matter.

Our audit procedures include (but are not limited to) evaluate the appropriateness of the allowance for obsolete and slow-moving inventories policy; sampling to test the accuracy of the stock age intervals; analyze the changes to the obsolete and slow-moving inventories amount and the stock age amount; and to re-calculate the amount of the allowance for obsolete

and slow-moving inventories in order to ensure that the inventory loss valuation is handled according to the accounting policy; evaluate the inventory procedures of management and to select important inventory locations to perform onsite observations to confirm the volume and status of the inventories.

We also took into account the appropriateness of the disclosures of operating revenues in Notes 4 and 6 to the parent company only financial statements.

Responsibilities of the management and the governing body for the parent company only financial statements

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

In preparing the parent company only financial statements, the management is responsible for assessing the ability of the Company in continuing as a going concern, disclosing relevant matters, and using the going concern basis of accounting, unless the management intends to liquidate the Company or cease operations, or there is no other realistic alternative but to do so.

Those charged with governance are the governing body (including the Audit Committee) of the Company responsible for supervising the financial reporting process.

Responsibilities of the CPAs to audit the parent company only financial statements

The purpose of our audit of the parent company only financial statements is to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists in the parent company only financial statements. Misstatements can arise from fraud or error. If the individual amount or the total amount in the misstatements

can reasonably be expected to affect the economic decision made by the user of the parent company only financial statements, the misstatement is considered material.

When we audit the financial statements in accordance with the auditing standards, we exercise professional judgment and professional skepticism. We also perform the following tasks:

1. Identify and assess the risk of material misstatement arising from fraud or error within the parent company only financial statements; design and execute appropriate countermeasures in response to said risks; and obtain sufficient and appropriate audit evidence to serve as the basis for our opinion. The risk of material misstatement arising from fraud is higher than that arising from error because it may involve collusion, forgery, intentional omissions, misstatement, 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. Assess the appropriateness of the accounting policies adopted by the management, and the reasonableness of the accounting estimates and related disclosures.
4. Conclude on the appropriateness of the management's adoption 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 believe that there is a major uncertainty of such event or circumstance, we must remind the parent company only financial statement user to pay attention to relevant disclosures in the parent company only financial statements in our audit report, or, if such disclosure is inadequate, we must modify our opinion. Our conclusion is based on the audit evidence obtained as of the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. The overall presentation, structure and content of the parent company only financial statements, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information

of the entities within the Group in order to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Group's audit, and we are responsible for forming the Group's audit opinion.

The matters communicated between us and the governing body include the planned scope and time of the audit and significant audit findings (including any significant deficiencies in internal control identified during the 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 parent company only financial statements of the Company in 2024 and therefore are the key audit matters. We describe these matters in our auditor's report unless the law or regulation does not allow us to disclose such matters, or under extremely rare circumstances we determine that it is not possible to communicate such matters in our report because the adverse impact is reasonably expected to be greater than the public interest.

EY Taiwan

Approved by the competent authority to handle the financial statements of the public company

Approval No.: Jin-Guan-Zheng-Shen-Zi No. 1100352201

Jin-Guan-Zheng-Shen-Zi No. 1010045851

Hung Kuo-Sen

CPA:

Li Fang-Wen

March 12, 2025

Notice to Readers

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

Accordingly, the accompanying parent company only financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young 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.

English Translation of Financial Statements Originally Issued in Chinese
SPEC Products Corp.
Parent company only balance sheet
December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

Assets			December 31, 2024		December 31, 2023	
Code	Accounting item	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4/6.1	\$445,251	23	\$354,475	18
1110	Financial assets at fair value through profit or loss - current	4/6.2	74,185	4	77,232	4
1136	Financial assets measured at amortized cost - current	4/6.3, 17/8	2,016	-	261,965	13
1150	Net notes receivable	4/6.4, 17	13	-	206	-
1170	Net accounts receivable	4/6.5, 17	356,936	19	309,332	16
1200	Other receivables	4	18,786	1	13,009	1
130x	Inventory	4/6.6	170,157	9	145,874	8
1470	Other current assets	4	22,561	1	23,068	1
11xx	Total current assets		1,089,905	57	1,185,161	61
	Non-current assets					
1550	Investment accounted for using equity method	4/6.7	73,453	4	67,036	3
1600	Property, plant and equipment	4/6.8/8	417,655	22	350,773	18
1755	Right-of-use assets	4/6.18	9,593	-	14,496	1
1760	Investment property, net	4/6.9	-	-	9,939	1
1780	Intangible assets	4	4,531	-	2,775	-
1840	Deferred income tax assets	4/6.22	14,017	1	10,981	1
1990	Other non-current assets	4/6.10/8	296,117	16	291,294	15
15xx	Total non-current assets		815,366	43	747,294	39
	Total assets		\$1,905,271	100	\$1,932,455	100

(Please refer to the notes to the parent company only financial statements.)

Chairperson: Chang, Hong-Cheng

President: Chang, Hong-Cheng

Accounting Officer: Fang, Chien-Hung

English Translation of Financial Statements Originally Issued in Chinese
SPEC Products Corp.
Parent company only balance sheet (continued)
December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

Liabilities and equity			December 31, 2024		December 31, 2023	
Code	Accounting item	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	4/6.11	\$55,000	3	\$146,420	8
2130	Contract liabilities	6.16	5,465	-	5,285	-
2150	Payable notes	4	111	-	228	-
2170	Accounts payable	4/7	115,997	6	90,352	5
2200	Other payables	4	96,450	5	90,258	5
2230	Current income tax liabilities	4/6.22	34,203	2	54,057	3
2280	Lease liabilities - current	4/6.18	4,683	-	5,570	-
2322	Long-term loans - current portion	4/6.12	90,148	5	208,763	11
2399	Other current liabilities	4	10,341	1	6,811	-
21xx	Total current liabilities		412,398	22	607,744	32
	Non-current liabilities					
2540	Long-term loans	4/6.12	167,170	9	125,273	6
2570	Deferred income tax liabilities	4/6.22	3,816	-	371	-
2580	Lease liabilities - non-current	4/6.18	4,974	-	8,981	-
25xx	Total non-current liabilities		175,960	9	134,625	6
2xxx	Total liabilities		588,358	31	742,369	38
	Equity					
31xx	Equity					
3110	Common stock capital	6.14	408,965	21	408,965	21
3200	Capital surplus	6.14	208,418	11	208,418	11
3300	Retained earnings	6.14				
3310	Legal reserve		111,140	6	90,234	5
3320	Special reserve		93	-	-	-
3350	Undistributed earnings		587,393	31	482,562	25
	Total retained earnings		698,626	37	572,796	30
3400	Other equity	4/6.21				
3410	Exchange differences on translation of financial statements of foreign operations		904	-	(93)	-
3xxx	Total equity		1,316,913	69	1,190,086	62
	Total liabilities and equity		\$1,905,271	100	\$1,932,455	100

(Please refer to the notes to the parent company only financial statements.)

Chairperson: Chang, Hong-Cheng

President: Chang, Hong-Cheng

Accounting Officer: Fang, Chien-Hung

English Translation of Financial Statements Originally Issued in Chinese
SPEC Products Corp.
Parent company only statement of comprehensive income
December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

Code	Accounting item	Notes	2024		2023	
			Amount	%	Amount	%
4000	Operating revenue	4/6.16/7	\$2,243,053	100	\$2,079,636	100
5000	Operating cost	4/6.6, 13, 15, 18, 19/7	(1,801,280)	(80)	(1,667,894)	(80)
5900	Gross operating profit		441,773	20	411,742	20
6000	Operating expenses	6.13, 15, 18, 19/7				
6100	Marketing expenses		(130,454)	(6)	(117,562)	(6)
6200	Administrative expenses		(78,335)	(3)	(62,513)	(4)
6300	Research and development expenses		(11,547)	(1)	(11,594)	(1)
6450	Expected credit impairment loss gain (loss)	4/6.17	2,554	-	(4,596)	-
	Total operating expenses		(217,782)	(10)	(196,265)	(11)
6900	Operating profit		223,991	10	215,477	9
7000	Non-operating income and expenses					
7010	Other income	6.20/7	31,767	2	28,794	1
7020	Other gains and losses	6.20	49,505	2	17,687	1
7050	Financial cost	6.20	(3,241)	-	(8,246)	-
7070	Share of profit or loss of subsidiaries, affiliated companies and joint ventures accounted for using the equity method	4/6.7	5,420	-	12,018	-
	Total non-operating income and expenses		83,451	4	50,253	2
7900	Net profit before tax		307,442	14	265,730	11
7950	Income tax expense	4/6.22	(58,923)	(3)	(56,672)	(3)
8200	Net income for the period		<u>\$248,519</u>	<u>11</u>	<u>\$209,058</u>	<u>8</u>
8300	Other comprehensive income (loss) for the period	4/6.21				
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of financial statements of foreign operations		997	-	(531)	-
	Other comprehensive income (net amount after tax) for the period		997	-	(531)	-
8500	Total comprehensive income for the period		<u>\$249,516</u>	<u>11</u>	<u>\$208,527</u>	<u>8</u>
	Earnings per share (NTD)					
9750	Basic earnings per share	4/6.23	<u>\$6.08</u>		<u>\$5.72</u>	
9850	Diluted earnings per share	4/6.23	<u>\$6.06</u>		<u>\$5.67</u>	

(Please refer to the notes to the parent company only financial statements.)

Chairperson: Chang, Hong-Cheng

President: Chang, Hong-Cheng

Accounting Officer: Fang, Chien-Hung

English Translation of Financial Statements Originally Issued in Chinese
SPEC Products Corp.
Parent company only statement of changes in equity
December 31, 2024 and 2023

(In Thousands of New Taiwan Dolllars)

Code	Item	Common stock capital 3110	Capital surplus 3200	Retained earnings			Other equity	Total equity 3xxx
				Legal reserve 3310	Special reserve 3320	Undistributed earnings 3350	Exchange differences on translation of financial statements of foreign operations 3410	
A1	Balance on January 1, 2023	\$363,965	\$88,776	\$62,880	\$-	\$410,047	\$438	\$926,106
B1	Appropriation and distribution of 2022 earnings							
B1	Provision of legal reserve	-	-	27,354	-	(27,354)	-	-
B5	Common stock cash dividends	-	-	-	-	(109,189)	-	(109,189)
E1	Capital increase in cash	45,000	112,500	-	-	-	-	157,500
N1	Share-based payment transaction	-	7,142	-	-	-	-	7,142
D1	2023 Net income for the year	-	-	-	-	209,058	-	209,058
D3	2023 Other comprehensive income	-	-	-	-	-	(531)	(531)
D5	Total comprehensive income for the period	-	-	-	-	209,058	(531)	208,527
Z1	Balance on December 31, 2023	<u>\$408,965</u>	<u>\$208,418</u>	<u>\$90,234</u>	<u>\$-</u>	<u>\$482,562</u>	<u>\$(93)</u>	<u>\$1,190,086</u>
A1	Balance on January 1, 2024	\$408,965	\$208,418	\$90,234	\$-	\$482,562	\$(93)	\$1,190,086
B1	Appropriation and distribution of 2023 earnings							
B1	Provision of legal reserve	-	-	20,906	-	(20,906)	-	-
B3	Provision of special reserve	-	-	-	93	(93)	-	-
B5	Common stock cash dividends	-	-	-	-	(122,689)	-	(122,689)
D1	2024 Net income for the year	-	-	-	-	248,519	-	248,519
D3	2024 Other comprehensive income	-	-	-	-	-	997	997
D5	Total comprehensive income for the period	-	-	-	-	248,519	997	249,516
Z1	Balance on December 31, 2024	<u>\$408,965</u>	<u>\$208,418</u>	<u>\$111,140</u>	<u>\$93</u>	<u>\$587,393</u>	<u>\$904</u>	<u>\$1,316,913</u>

(Please refer to the notes to the parent company only financial statements.)

Chairperson: Chang, Hong-Cheng

President: Chang, Hong-Cheng

Accounting Officer: Fang, Chien-Hung

English Translation of Financial Statements Originally Issued in Chinese
SPEC Products Corp.
Parent company only statement of cash flows
December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

Code	Item	2024	2023	Code	Item	2024	2023
		Amount	Amount			Amount	Amount
AAAA	Cash flow from operating activities:			BBBB	Cash flow from investing activities:		
A10000	Net profit before tax for the period	\$307,442	\$265,730	B00050	Disposal of financial assets measured at amortized cost	259,949	309,369
A20000	Adjustments:			B00100	Acquisition of financial assets at fair value through profit or loss	(2,486)	(14,200)
A20010	Income and expenses:			B00200	Disposal of financial assets at fair value through profit or loss	8,810	24,223
A20100	Depreciation expense	18,197	17,758	B01900	Disposal of investment accounted for using equity method	-	8,496
A20200	Amortization expenses	1,044	796	B02700	Acquisition of property, plant and equipment	(78,535)	(107,884)
A20300	Expected credit impairment loss (gain)	(2,554)	4,596	B02800	Disposal of property, plant and equipment	-	1,205
A20400	Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(3,277)	1,822	B04500	Acquisition of intangible assets	(2,800)	(188)
A20900	Interest expense	3,241	8,246	B05500	Disposal of investment property	12,365	16,524
A21200	Interest revenue	(18,645)	(18,859)	B06700	Increase in other non-current assets	(2,124)	(12,535)
A21900	Share-based payment for remuneration cost	-	6,147	B07600	Dividends received	-	19,924
A22400	Share of profit of subsidiaries, affiliated companies and joint ventures accounted for using the equity method	(5,420)	(12,018)	BBBB	Net cash inflow from investing activities	195,179	244,934
A22500	Losses (gains) on disposal and retirement of property, plant and equipment	89	(159)				
A22700	(Gains) on disposal of investment property	(2,466)	(11,607)	CCCC	Cash flow from financing activities:		
A23100	(Gains) on disposal of investment	-	(200)	C00100	Decrease in short-term loans	(91,420)	(484,460)
A30000	Changes in operating assets/liabilities:			C01600	Proceeds from long-term loans	61,000	91,318
A31130	Decrease in notes payable	193	601	C01700	Repayment of long-term loans	(137,718)	(85,747)
A31150	Decrease (increase) in accounts receivable	(45,050)	95,272	C04020	Repayment of lease principal	(5,702)	(4,029)
A31180	Decrease (increase) in other receivables	(5,777)	2,533	C04500	Distribution of cash dividends	(122,689)	(109,189)
A31200	Decrease (increase) in inventories	(24,283)	47,712	C04600	Capital increase in cash	-	157,500
A31240	Decrease (increase) in other current assets	507	(6,558)	CCCC	Net cash inflow (outflow) from financing activities	(296,529)	(434,607)
A32125	Increase (decrease) in contract liabilities	180	(1,574)				
A32130	Increase (decrease) in notes payable	(117)	(207)	EEEE	Increase in current cash and cash equivalents	90,776	112,237
A32150	Increase (decrease) in accounts payable	25,645	(17,529)	E00100	Cash and cash equivalents, beginning of period	354,475	242,238
A32180	Increase (decrease) in other payables	6,192	(13,533)	E00200	Cash and cash equivalents, end of period	\$445,251	\$354,475
A32230	Increase (decrease) in other current liabilities	3,530	(1,519)				
A33000	Cash inflow from operations	258,671	367,450				
A33100	Interest received	18,645	18,859				
A33300	Interest paid	(6,822)	(11,526)				
A33500	Income tax paid	(78,368)	(72,873)				
AAAA	Net cash inflow from operating activities	192,126	301,910				

(Please refer to the notes to the parent company only financial statements.)

Chairperson: Chang, Hong-Cheng

President: Chang, Hong-Cheng

Accounting Officer: Fang, Chien-Hung

SPEC Products Corp.
Notes to parent company only financial statements
2024 and 2023
(In Thousands of NTD, Unless Stated Otherwise)

I. Company history

1. SPEC Products Corp. (hereinafter referred to as the "Company") was incorporated upon approval on October 2, 2001. Its current registered address and business address are both 9F-4, No. 358, Sec. 1, Dongmen Rd., East Dist., Tainan City. Its main business activities include the manufacture of screws and nuts, wholesale of metalware, and international trade.
2. The Company's shares have been registered as emerging shares with the approval of Taipei Exchange ("TPEX"), and traded at TPEX since February 22, 2024.

II. Date and procedures for approving the financial statements

The parent company only financial statements of the Company for the years ended December 31, 2024 and 2023 were approved for release after being submitted to the Board of Directors on March 12, 2025.

III. Application of new and revised standards and interpretations

1. Changes in accounting policies resulting from the first-time adoption of IFRSs

The Company has adopted the International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC). The first-time application of the new and amended standards has no significant impact on the Company.

2. As of the publication date of the financial report, the Company has not yet adopted the following new and amended standards or interpretations already issued by the International Accounting Standards Board (IASB) and also endorsed and issued into effect by the FSC:

Item No.	New/amended/revised standards and interpretations	Effective date announced by IASB
1	Lack of Exchangeability (Amendments to IAS 21)	January 1, 2025

(1) Lack of Exchangeability (Amendments to IAS 21)

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

The amendments aim to explain the exchangeability and lack of exchangeability between currencies, and how the exchange rate is determined when the currency lacks exchangeability, and add additional disclosure requirements on the lack of exchangeability.

The amendments shall be applicable for the fiscal year beginning after January 1, 2025. The Company evaluated that there should be no significant impact derived therefor.

3. As of the publication date of the financial report, the Company has not adopted the following new and amended standards or interpretations issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC:

Item No.	New/amended/revised standards and interpretations	Effective date announced by IASB
1	Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be decided by the IASB
2	IFRS 17 "Insurance Contracts"	January 1, 2023
3	IFRS No. 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
4	Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
5	Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	January 1, 2026
6	IFRS Annual Improvements - Volume 11	January 1, 2026
7	Contracts related to natural power (Amendments to IFRS 9 and IFRS 7)	January 1, 2026

- (1) Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

The amendments address the inconsistency between the requirements in IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 requires that gains and losses arising from contributions of non-monetary assets to an associate or a joint venture shall be derecognized through downstream transactions. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(2) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General Model. Under this model, on initial recognition, an entity shall measure a company of insurance contracts at the total of the fulfillment cash flows and the contractual service margin. The carrying amount of a company of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-term contracts.

Upon promulgation of the Standard as of May 2017, the Standard was amended in June 2020 and 2021, so that the effective date should be deferred for another two years (i.e. to be postponed from January 1, 2021 to January 1, 2023) and

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

additional exemptions should be made available; meanwhile, the costs for the adoption of the Standard may be cut through the simplification and certain circumstances may be explained in an easier way by virtue of the amendments. The Standard will replace the provisional one (namely IFRS 4 “Insurance Contracts”) after it becomes effective.

(3) IFRS No. 18 "Presentation and Disclosure in Financial Statements"

This standard will replace IAS No. 1 "Presentation in Financial Statements." The main changes are as follows:

(a) Improving the comparability of income statements

In the income statement, income and expenses are divided into five categories, namely the operating category, investing category, financing category, income taxes category, or discontinued operations category. The first three refer to new categories to improve the structure of the income statement and all enterprises are required to provide the subtotal referred to in the new definitions (including operating profit and loss). By virtue of the improved structure of the income statement, and the subtotal in the new definitions, investors may base the consistent starting point when analyzing the financial performance across enterprises, and make comparisons between enterprises easier.

(b) Enhancing the transparency of measurement on the management performance

Enterprises are required to disclose the explanation of enterprise-specific indicators (hereinafter referred to as the measurement on the management performance) related to the income statement.

(c) A useful summary of the information in the financial statements

The application guidelines for determining the position of financial information are established in the main financial statements or notes. The amendments are expected to provide more detailed and useful information. Enterprises are required to provide more transparent information about business expenses to help investors find and verify the information used by them.

(4) Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures (IFRS 19)

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

Simplify the disclosure of subsidiaries without public accountability, and allow subsidiaries that meet the definition to apply such standard at their own discretion.

(5) Amendments to the Classification and Measurement of Financial Instruments
(Amendments to IFRS 9 and IFRS 7))

The amendments include:

- (a) Clarify that financial liabilities are derecognized on the settlement date, and explain the accounting treatment of financial liabilities settled through electronic payment before the settlement date.
- (b) For financial assets with environmental, social and governance (ESG) characteristics or other similar or similar characteristics, clarify how to evaluate the cash flow characteristics.
- (c) Clarify the treatment of assets without recourse and contractually linked instruments.
- (d) For financial assets or liabilities with terms and contingent characteristics related (including ESG linkage) and equity instruments classified as those at fair value through other comprehensive income, IFRS 7 requires additional disclosures.

(6) IFRS Annual Improvements - Volume 11

- (a) Amendments to IFRS 1
- (b) Amendments to IFRS 7
- (c) Implementation Guidance on the amendments to IFRS 7
- (d) Amendments to IFRS 9
- (e) Amendments to IFRS 10
- (f) Amendments to IAS 7

(7) Contracts related to natural power (Amendments to IFRS 9 and IFRS 7)

The amendments include:

- (a) Clarify the own-use requirements.
- (b) When the contract is used as hedging instrument, the application of hedge accounting is permitted.

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

- (c) The requirements for disclosure of notes are added to help investors understand the impact of these contracts on the Company's financial performance and cash flows.

The above standards or interpretations have been issued by the IASB but have not yet been approved by the FSC. The actual date of application is subject to the regulations of the FSC. The Company is assessing the potential impact to be posed by the new or revised standards or interpretations referred to in (3) and, therefore, it is impossible to estimate the impact posed by said standards or interpretations on the Company reasonably for the time being. Notwithstanding, the other new or revised standards or interpretations render no material impact on the Company.

IV. Summary of significant accounting policies

1. Compliance Statement

The parent company only financial statements of the Company for the years ended December 31, 2024 and 2023 are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

2. Basis of preparation

The Company has prepared the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. According to Article 21 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the current profit and loss and other comprehensive income in the parent company only financial statements and the consolidated financial statements are the same, and the owners' equity in the parent company only financial statements and the consolidated financial statements are the same. Therefore, the investment in subsidiaries is expressed as "investment under equity method" in the parent company only financial statements, and necessary adjustments are made.

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan dollars ("NT\$") unless otherwise stated.

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

3. Foreign currency transactions

The Company's parent company only financial statements are expressed in New Taiwan dollars, the functional currency adopted by the Company.

Foreign currency transactions are recorded in the functional currency of the transaction date. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the closing foreign exchange rate on the same day; non-monetary items that are measured at fair value are retranslated at the foreign exchange rate on the same day when the fair value is determined; non-monetary items that are measured at historical cost are retranslated at the foreign exchange rate on the date of initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (1) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (2) Foreign currency items within the scope of IFRS 9 "Financial Instruments" are accounted for based on the accounting policy for financial instruments.
- (3) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized into other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized into profit or loss.

4. Translation of financial statements in foreign currency

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

When preparing the parent company only financial statements, the assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. When the partial disposal involves the loss of control of a subsidiary that includes a foreign operation, and when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operations, such partial disposals are accounted for as disposals.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

5. Criteria for classifying assets and liabilities as current or non-current items

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

- (1) Liabilities arising from operating activities that are expected to be paid off within the normal operating cycle;
- (2) Assets held mainly for trading purposes;
- (3) Assets that are expected to be realized within twelve months from the reporting period;

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

- (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those to be exchanged or used to pay off liabilities more than twelve months after the reporting period.

Liabilities are classified as current if they meet any of the following criteria; otherwise, they are classified as non-current:

- (1) Liabilities that are expected to be paid off within the normal business cycle;
- (2) Liabilities held mainly for trading purposes;
- (3) Liabilities that are expected to be paid off within twelve months from the reporting period;
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the reporting period.

6. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term and highly liquid time deposits or investments (time deposits to be matured within 3 months) that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

7. Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 “Financial Instruments” are recognized initially at fair value, plus or minus transaction costs directly attributable to acquisition or issuance of financial assets and financial liabilities (except those classified into financial assets and financial liabilities at fair value through profit or loss).

(1) Recognition and measurement of financial assets

The Company accounts for regular way purchase or sales of financial assets on the trade date.

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- A. Business model for managing the financial assets
- B. Contractual cash flow characteristics of the financial assets

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, accounts receivables, financial assets measured at amortized cost and other receivables, etc., on the balance sheet:

- A. Business model managing financial assets: To hold financial assets in order to collect contractual cash flows.
- B. The contractual cash flow characteristics of the financial asset: Cash flows are solely payments of principal and the principal amount outstanding.

Interest on the amount of the loan

Such financial assets (excluding those involving hedging relationship) are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance). A gain or loss is recognized in profit or loss when the financial asset is derecognized through the amortization process or in order to recognize the impairment gains or losses.

Interest calculated by using the effective interest method (calculated by applying the effective interest rate to the gross carrying amount of a financial asset) or under the following circumstances shall be recognized into profit or loss:

- A. In the case of purchased or originated credit impaired financial assets, the Company applies the credit adjusted effective interest rate to the amortized cost of the financial asset.

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

B. In the case of financial assets that are not purchased or originated credit impaired financial assets but subsequently have become credit impaired financial assets, the Company applies the effective interest rate to the amortized cost of the financial assets.

Disposal of financial assets at fair value through profit or loss

Except for the aforementioned financial assets that are measured at amortized cost when specific conditions are met, financial assets are measured at fair value through profit or loss, and are listed in the balance sheet as financial assets at fair value through profit or loss.

Such financial assets are measured at fair value. The gains or losses resulting from remeasurement are recognized in profit or loss, which include any dividends or interests received on such financial assets.

(2) Impairment of financial assets

The Company recognizes the financial assets carried at amortized cost and measures the allowance for loss based on expected credit losses.

The Company expects credit losses in a way that reflects:

- A. An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- B. Time value of money
- C. Reasonable and supportable information (that is available without undue cost or effort on the balance sheet date) about past events, current conditions and forecasts of future economic conditions.

The allowance for loss is measured as follow:

- A. At an amount equal to 12 month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

financial asset is determined to have low credit risk at the balance sheet date. Additionally, the Company measures the allowance for loss at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current balance sheet date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

- B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit impaired financial asset.
- C. For accounts receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the allowance for loss at an amount equal to lifetime expected credit losses.
- D. For the lease payment receivables arising from transactions within the scope of IFRS 16, the Company measures the allowance for loss at an amount equal to lifetime expected credit losses.

At each balance sheet date, the Company needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the balance sheet date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(3) Derecognition of financial assets

Any financial asset held by the Company is derecognized when any of the following circumstances are met:

- A. The contractual rights to receive cash flows from the asset have expired.
- B. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- C. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable, including any

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

cumulative gain or loss that had been recognized in other comprehensive income, is recognized into profit or loss.

(4) Financial liabilities and equity instruments

Classification of liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the Company's assets after deducting all of its liabilities. The equity instrument issued by the Company is recognized based on the acquisition price less the direct issue cost.

Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

The financial liabilities at fair value through profit or loss include those held for trading and designated as measured at fair value through profit or loss.

The liabilities which meet any of the following conditions shall be classified those held for trading:

A. Liabilities that are incurred principally for the purpose of selling them in a short term;

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

- B. Liabilities that, upon initial recognition, are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking; or
- C. Liabilities that are derivative financial liabilities, except for financial guarantee contracts or derivative financial liabilities that are designated and effective hedging instruments.

For a contract consisting of one or multiple embedded derivative instruments, the entire hybrid (combined) contract may be designated as financial liability at fair value through profit or loss. When any of the following conditions is met and reliable and more relevant information may be provided, it shall be designated as measured at fair value through profit or loss on the initial recognition:

- A. Such designation may derecognize or significantly reduce the inconsistency in measurement or recognition; or
- B. A group of financial liabilities or financial assets and financial liabilities managed at fair value based on the written risk management or investment strategies, with the performance thereof evaluated under the same strategies, and the investment portfolio information provided by the consolidated entity to the management internally also based on the fair value.

The gains or losses generated from such financial liabilities are stated as income, which include any interest paid by the financial liabilities.

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized into profit or loss when the liabilities are derecognized, and amortized through the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

When debt instruments subject to contractual terms different from each other significantly are exchanged or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor) between the Company and creditors, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized into profit or loss.

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

8. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (1) In the principal market for the asset or liability, or
- (2) In the absence of a principal market, in the most advantageous market for the asset or liability;

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants acted in their economic best interest.

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

9. Inventories

Inventories are valued at lower cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present sellable or producible condition and location are accounted for as follows:

Commodities and raw materials - based on the actual purchase cost calculated under the weighted average method.

Finished goods and work-in-progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity.
However, it does not include borrowing costs.

The net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The provision of labor services is handled in accordance with IFRS 15 and beyond the scope of inventory.

10. Investment accounted for using equity method

The Company's investment in subsidiaries is expressed as "investment under equity method" in accordance with Article 21 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and necessary evaluation adjustments are made to make the amount of profit and loss and other comprehensive income for the

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

period and the financial statements prepared on the basis of consolidation equal to the amount attributable to the parent company's shareholders, and the amount of equity attributable to the parent company's shareholders in the owners' equity of the parent company only financial statements and the financial statements prepared on the basis of consolidation equal to the amount attributable to the parent company's shareholders. These adjustments mainly take into account the differences in the application of IFRS 10 "Consolidated Financial Statements" by subsidiaries in the consolidated financial statements, and the differences in the debited or credited items of "investment under equity method," "share of profit or loss of subsidiaries, affiliates and joint ventures under equity method," or "share of other comprehensive income of subsidiaries, affiliates and joint ventures under the equity method."

The Company's investment in associates is treated with the equity method. An affiliate is an entity over which the Company has significant influence.

Under the equity method, the investment in associates is recognized in the balance sheet as cost plus the amount recognized by the Company based on the shareholding ratio of the net assets of the associates after the acquisition. After the book value of the investment in the affiliated enterprise and other related long-term equity are reduced to zero under the equity method, the amount of additional losses and liabilities is recognized when the legal obligation, presumed obligation or the payment made on behalf of the affiliated enterprise occurs. The unrealized gains and losses arising from the transactions between the Company and its affiliates are eliminated in proportion to its interests in the affiliates.

When the equity of the affiliated enterprise changes but not due to profit or loss and other comprehensive income and does not affect the Company's shareholding ratio, the Company recognizes all changes in equity based on the shareholding ratio. In the event that the capital reserve recognized is disposed of subsequently, the capital reserve shall be stated as income proportionally.

When the affiliated enterprise issues new shares, the Company fails to subscribe for the new shares proportionally to its shareholding ratio, resulting in a change in the investment ratio. In the event that the Company's shareholding in the net assets of the affiliated enterprise increases or decreases, the increase or decrease is adjusted by the "capital reserve" and "investment under the equity method". When the investment percentage changes to decrease, the relevant items previously recognized in other

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

comprehensive income are reclassified to profit or loss or other appropriate accounts according to the decrease percentage. When the capital reserve recognized above is disposed of subsequently, it is transferred to profit or loss in proportion to the disposal.

The financial statements of the affiliated enterprise are prepared in the same reporting period as the Company, and adjusted to make their accounting policies consistent with the Company's accounting policies.

At the end of each reporting period, the Company shall confirm whether there is any objective evidence showing impairment of its investment in the affiliated enterprise in accordance with IAS 28 "Investment in Associates and Joint Ventures." If there is any objective evidence of impairment, the Company shall calculate the impairment amount in accordance with IAS 36 "Impairment of Assets" based on the difference between the recoverable amount and the carrying amount of the affiliated enterprise, and recognize the amount in the profit or loss of the affiliated enterprise. If the aforementioned recoverable amount is based on the value in use of the investment, the Company determines the relevant value in use based on the following estimates:

- (1) The Company's share of the estimated future cash flow of the affiliated enterprise, including the cash flows generated from the operation of the affiliated enterprise and the proceeds from the final disposal of the investment; or
- (2) The Company expects to collect dividends from the investment and the estimated future cash flow present value generated from the disposal of the investment.

The goodwill component of the book value of the investment in the affiliated enterprise is not recognized separately, so it is not necessary to test the impairment of goodwill in accordance with IAS 36 "Impairment of Assets".

When the Company loses its significant influence over an affiliate, it measures and recognizes the retained investment at fair value. When the significant influence is lost, the difference between the book value of the investment in the affiliated enterprise and the fair value of the retained investment plus the proceeds from the disposal is recognized in profit or loss. In addition, when the investment in the affiliated enterprise becomes the investment in the joint venture, the Company continues to apply the equity method without remeasuring the retained equity.

11. Property, plant and equipment

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

Property, plant and equipment are stated at the cost of acquisition, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the same and restoring the site on which the same are located, and the necessary interest expenses for construction in progress. Each part of property, plant and equipment that is significant is depreciated separately. When significant parts of property, plant and equipment are required to be replaced regularly, the Company recognizes such parts as individual assets with specific useful life and depreciation. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, plant and equipment.” When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as the replacement cost if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight line basis over the estimated service life of the following assets:

Buildings and structures	6~38 years
Machinery and equipment	5~8 years
Utilities equipment	6~20 years
Transportation equipment	5~8 years
Office equipment	6~15 years
Other equipment	3~15 years

Any item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the derecognition of the asset is recognized into profit or loss.

The residual values, service life and methods of depreciation of property, plant and equipment are reviewed at the end of each fiscal year, and the changes resulting from the difference in the expected value and previous estimate are treated as changes in accounting estimates.

12. Investment property

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

The Company owned investment property is measured initially at cost, including transaction costs in acquisition of the assets. The carrying amount of the investment property includes the cost of repairing or adding the existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to day servicing of the investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations,” investment property is measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment property is held by a lessee as the right of use assets and are not held for sale in accordance with IFRS 5, the investment property is measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight line basis over the estimated service life of the following assets:

Buildings and structures	41 years
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Investment property is derecognized and relevant profit or loss is recognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The Company decides to transfer to or from investment property based on the actual usage of the assets.

Property is transferred to or from investment property by the Company when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use.

13. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- (1) the right to obtain substantially all of the economic benefits from the use of the identified asset; and
- (2) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, by maximizing the use of observable information.

The Company is the lessee

Except for leases that meet and elect short term leases or leases of low value assets, the Company, if as a lessee, recognizes the right-of-use asset and lease liability for all leases.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that is not paid at the commencement date:

- (1) Fixed payments (including in-substance fixed payments), less any lease incentives receivable;

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

- (2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (3) Amounts expected to be payable by the lessee under residual value guarantees;
- (4) The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- (5) Payments of penalties for terminating the lease, if the lease period reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method, and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (1) the amount of the initial measurement of the lease liability;
- (2) any lease payments made at or before the commencement date, less any lease incentives received;
- (3) any initial direct costs incurred by the lessee; and
- (4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use asset by applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease period or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the service life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date until expiration of the service life of the right-of-use asset or the end of the lease period, whichever earlier.

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low value assets. The Company presents right-of-use assets and lease liabilities in the consolidated balance sheet and separately presents lease-related depreciation expense and interest expense in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis during the lease period.

14. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination refers to the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets that do not meet the conditions of recognition are not capitalized but recognized into profit or loss when it is incurred.

The service life of intangible assets is assessed as either finite or indefinite.

Intangible assets with finite service life are amortized over the service life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with finite service life is reviewed at least at the end of each fiscal year. Changes in the expected service life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite service life are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment on intangible assets with indefinite service life is reviewed each period to determine whether the indefinite service life continues to be supportable. If not, the change in service life from indefinite to finite is made on a prospective basis.

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

Gains or losses arising from derecognition of an intangible asset are recognized into profit or loss.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3 to 10 years).

15. Impairment loss on non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 “Impairment of Assets” may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company tests the individual assets or cash-generating units of the assets. If the impairment test result shows that the carrying amount of the asset or cash-generating unit of the asset is more than the recoverable amount thereof, the impairment loss should be recognized. An asset’s recoverable amount refers to the net fair value or value in use, whichever higher.

For any assets other than goodwill, an assessment is made at the end of each reporting period regarding whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset’s or cash-generating unit’s recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset, increasing the recoverable amount. However, the carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset.

A cash generating unit, or group of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized according to the impairment loss test, it is first allocated to reduce the carrying amount of any goodwill and then allocated to any assets other than goodwill pro rata on the basis of the carrying amount of each asset. Impairment losses relating to goodwill cannot be reversed in future periods for any reason when they are recognized.

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

An impairment loss of continuing operations or a reversal of such impairment loss is recognized into profit or loss.

16. Provisions for liabilities

Provisions for liabilities are recognized when the Group has a present obligation (legal or constructive) as a result of a past event. It is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of the provisions to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions for liabilities are discounted using a current pre tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provisions due to the passage of time is recognized as a borrowing cost.

Liabilities for public dues and payments are recognized progressively if the obligations arise over a period of time.

17. Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follow:

Sale of goods

The Company manufactures and sells goods. Sales revenue is recognized when the promised goods are delivered to the customers and control of the goods is transferred to the customers (i.e. the customers direct the use of such goods and obtain the ability of almost residual effects of such goods). The main products are screws, nuts and metalware. The revenue is recognized based on the price stated in the contract. For the other transactions for sale of goods, there is usually a quantity discount (based on the cumulative total sales in a specific period). Therefore, revenue is recognized based on the price stated in the contract, less the estimated quantity discount. The Company uses accumulated experience and expected value to estimate the variable consideration generated by the quantity discount, but only to the extent that the uncertainty related to the variable consideration is subsequently eliminated, the

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

amount of cumulative revenue recognized is very unlikely to be reversed significantly. In the specific period as agreed, the expected quantity discount is also recognized as a refund liability.

The credit period of the Company's sale of goods is from 7 to 120 days. When the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivables. Such accounts receivable are generally short-term and free from any important financial components.

However, for some contracts, part of the consideration was received from customers upon signing the contract. The Company has an obligation to provide the goods subsequently; accordingly, these amounts are recognized as contract liabilities. The period between the transfers of the Group's said contract liabilities to revenue is usually within one year. Thus, no significant financing component arises.

18. Borrowing costs

The borrowing costs of qualifying assets directly attributable to the acquisition, construction or production shall be eligible for capitalization as a part of the costs of such assets. The other borrowing costs are recognized as the expenses when incurred. The borrowing costs include the interests and other costs incurred related to the borrowing of loans.

19. Share-based payment transaction

The cost of share-based payment transactions between the Company and employees for equity delivery is measured at fair value of the equity instrument on the date of grant, and the fair value is measured by an appropriate pricing model.

The equity-settled share-based payment transaction is recognized in installments in which the service conditions and performance conditions are fulfilled, and the increase in equity is recognized accordingly. The accumulated expenses recognized for the equity settlement transactions at the end of each reporting period before the vesting day refer to the best estimates reflecting the vested period and the number of equity instruments to be ultimately vested in the Company. The changes in the cumulative cost of share-based payment recognized at the beginning and end of each reporting period shall be recognized in the profit or loss of that period.

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

If the share-based payment does not meet the vested conditions, no expenses shall be recognized. However, if the vested conditions of the equity settlement transaction are related to the market price conditions or non-vested conditions, the relevant expenses will be recognized regardless of whether the market price conditions or the non-vested conditions are met when all service or performance conditions have been fulfilled.

When the terms and conditions of the equity settlement are modified, at least the original payment cost under the circumstance that no modification is made shall be recognized. If the modification of the transaction terms of the share-based payment increases the total fair value of the share-based payment transaction or is favorable to the employees, the additional equity-settled transaction costs shall be recognized.

If the equity-settled share-based payment incentive plan is canceled, it shall be deemed vested on the date of cancellation, and the remaining unrecognized share-based payment expense is recognized immediately. This includes the reward plan applicable when the non-vesting conditions controllable by the company or employees are not met. If the previously canceled reward plan is replaced by a new reward plan and it is confirmed on the date of grant that the canceled reward plan will be replaced, then the canceled reward plan and the new plan shall be treated as the modification of the original reward plan.

The effect posed by dilution of outstanding options will be calculated subject to the additional shares when calculating the diluted earnings per share.

When the restricted stock award (RSA) is issued based on the fair value of the equity products granted on the date of grant, salary expenses and the corresponding increase in equity are recognized during the vested period. On the date of grant, the Company recognizes the remuneration unearned by employees. The remuneration unearned by employees is a transitional account title and is deducted from equity in the consolidated balance sheet and reclassified to salary expenses over time.

20. Income tax

Income tax expenses (gains) are the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

The current income tax assets and liabilities related to the current and prior periods are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The current income tax relating to items recognized into other comprehensive income or directly into equity is recognized into other comprehensive income or equity, instead of profit or loss.

The income tax for undistributed earnings is recognized as income tax expense on the date when the shareholders' meeting approves the distribution proposal.

Deferred income tax

Deferred income tax is provided on temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts in the balance sheet.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (1) Initial recognition of goodwill, or where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and the transaction does not generate equivalent taxable and deductible temporary differences.
- (2) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, except:

- (1) Where the deferred tax liability is related to the deductible temporary difference arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

accounting profit nor taxable profit or loss, and the transaction does not generate equivalent taxable and deductible temporary differences.

- (2) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at the end of each reporting period and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the provisions of the temporary exception of "International Tax Reform - Pillar 2 Model Rules (Amendment to IAS 12)," no deferred income tax assets and liabilities of Pillar 2 income tax shall be recognized and no relevant information shall be disclosed.

V. Major accounting judgments, estimates, and major sources of uncertainty for assumptions

The preparation of the Company's parent company only financial statements requires the management to make judgments, estimates and assumptions that affect the reported

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Assumptions and estimation

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Accounts receivables—estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows due under the contract (carrying amount) and the cash flows that expect to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted difference. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(2) Obsolete and slow-moving inventories and market price decline

The estimates of the net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The expected realized value of inventories may serve as the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(3) Impairment loss on non-financial assets

Impairment is incurred if the carrying amount of the asset or cash-generating unit is more than the recoverable amount. The recoverable amount refers to the higher of the fair value less disposal costs and value in use. The fair value less disposal cost means the amount after the price receivable from sale of assets or required to be paid

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

for transfer of liabilities by market participants in any orderly transactions on the date of measurement less the incremental cost attributable to disposal of assets or cash-generating unit directly. The value in use is calculated based on the discounted cash flow model. The cash flow is estimated based on the budget for the future five years, exclusive of any reorganization that the Company has not committed, or future significant investment required to improve the performance of the tested cash-generating unit asset. The recoverable amount is likely to be affected by the discount rate applied by the discounted cash flow model and expected future cash inflow and growth rate used for the purpose of extrapolation. For the key assumptions used to decide the recoverable amount of different cash-generating units, including sensitivity analysis, please refer to Note 6.

(4) Revenue recognition - sales returns and allowances

The Company estimates sales returns and allowances based on historical experience and other known reasons, and recognizes sales returns as a deduction of operating revenue at the time of sales. The estimation of said sales returns and allowances is made based on the assumption that the cumulative revenue recognized in the material reversal is very unlikely to arise. Please refer to Note 4 for details.

(5) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. Such provisions are based on various factors, such as the experience of previous tax audits and different interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise on a wide variety of issues depending on the conditions prevailing in the territories where the respective company entities are situated.

Deferred tax assets are recognized for all carryforward of unused tax losses and

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are taxable temporary differences. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

VI. Descriptions of significant accounting items

1. Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and petty cash	\$374	\$423
Demand deposits	444,877	354,052
Total	<u>\$445,251</u>	<u>\$354,475</u>

2. Disposal of financial assets at fair value through profit or loss

	December 31, 2024	December 31, 2023
Financial liabilities at fair value through profit or loss:		
Financial derivatives without hedging relationship designated		
Stocks	\$11,820	\$12,936
Bonds	54,840	57,243
Funds	7,525	7,053
Total	<u>\$74,185</u>	<u>\$77,232</u>
Current	<u>\$74,185</u>	<u>\$77,232</u>

The Company's financial assets at fair value through profit or loss were not provided as security.

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

3. Financial assets measured at amortized cost

	December 31, 2024	December 31, 2023
Bank Deposit - Reserve account	\$2,016	\$-
Time deposits	-	261,965
Total	<u>\$2,016</u>	<u>\$261,965</u>
Current	<u>\$2,016</u>	<u>\$261,965</u>

The Company classifies partial financial assets as financial assets measured at amortized cost. For relevant information on loss allowance, please refer to Note 6.17. For relevant information on guarantees provided, please refer to Note 8. For relevant information on credit risk, please refer to Note 12.

4. Notes receivable

	December 31, 2024	December 31, 2023
Notes receivable	\$13	\$206
Less: Loss allowance	-	-
Total	<u>\$13</u>	<u>\$206</u>

The Company's notes receivable were not provided as security, as they were issued primarily for business.

For the information about the Company's evaluation on impairment and loss allowance under IFRS 9, please refer to Note 6.17. For the information about credit risk, please refer to Note 12.

5. Accounts receivable

	December 31, 2024	December 31, 2023
Accounts receivable	\$360,450	\$319,091
Less: Loss allowance	(3,514)	(9,759)
Total	<u>\$356,936</u>	<u>\$309,332</u>

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

The Company's accounts receivable were not provided as security.

The Company's credit period for customers is usually 7 to 120 days. The total carrying amount as of December 31, 2024 and 2023 was NT\$360,450 thousand and NT\$319,091 thousand, respectively. For the information on the allowance for losses in 2024 and 2023, please refer to Note 6.17. For the information on credit risk, please refer to Note 12.

6. Inventories

	December 31, 2024	December 31, 2023
Raw materials	\$7,172	\$9,234
Work in process	58,566	53,970
Finished goods	5,443	8,637
Commodities	98,976	74,033
Total	<u>\$170,157</u>	<u>\$145,874</u>

The Company's inventory cost recognized as expenses for 2024 and 2023 was NT\$1,801,280 thousand and NT\$1,667,894 thousand, respectively, including the recognition of inventory valuation losses of NT\$1,417 thousand due to the 2024 inventory write-down to net realizable value. The inventory in each age group in 2023 has been reduced, resulting in a decline of obsolete and slow-moving inventories provided by the Company, and a gain on reversal of inventory of NT\$5,437 thousand.

The aforementioned inventories have not been provided as collateral.

7. Investment accounted for using equity method

The details of the Company's investments under the equity method are as follows:

Name of Investee	December 31, 2024		December 31, 2023	
	Amount	Shareholding percentage	Amount	Shareholding percentage
Investment in subsidiaries:				
BCR				
BCR INC. (hereinafter referred to as "BCR")	<u>\$73,453</u>	100%	<u>\$67,036</u>	100%

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

The investment in subsidiaries is expressed as "investment under equity method" in the parent company only financial statements, and necessary adjustments are made.

None of the aforementioned investments under equity method are used as collaterals.

8. Property, plant and equipment

	December 31, 2024	December 31, 2023
Property, plant and equipment for own use	<u>\$417,655</u>	<u>\$350,773</u>

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

	Land	Buildings and structures	Machinery and equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
Original cost:									
January 1, 2024	\$164,748	\$54,613	\$52,958	\$10,339	\$2,530	\$5,314	\$6,244	\$108,012	\$404,758
Addition	-	2,474	27,478	-	1,100	-	359	47,124	78,535
Disposition	-	-	(3,029)	-	-	(1,713)	(222)	-	(4,964)
Other changes	-	-	-	-	-	-	-	882	882
December 31, 2024	<u>\$164,748</u>	<u>\$57,087</u>	<u>\$77,407</u>	<u>\$10,339</u>	<u>\$3,630</u>	<u>\$3,601</u>	<u>\$6,381</u>	<u>\$156,018</u>	<u>\$479,211</u>
January 1, 2023	\$164,748	\$54,740	\$60,250	\$10,339	\$4,830	\$6,944	\$4,113	\$4,001	\$309,965
Addition	-	-	2,670	-	550	-	951	103,713	107,884
Disposition	-	(127)	(9,962)	-	(2,850)	(450)	-	-	(13,389)
Other changes	-	-	-	-	-	(1,180)	1,180	298	298
December 31, 2023	<u>\$164,748</u>	<u>\$54,613</u>	<u>\$52,958</u>	<u>\$10,339</u>	<u>\$2,530</u>	<u>\$5,314</u>	<u>\$6,244</u>	<u>\$108,012</u>	<u>\$404,758</u>
Depreciation:									
January 1, 2024	\$-	\$16,498	\$28,198	\$2,956	\$1,025	\$3,099	\$2,209	\$-	\$53,985
Depreciation	-	3,480	6,301	601	463	412	1,189	-	12,446
Disposition	-	-	(3,029)	-	-	(1,713)	(133)	-	(4,875)
Other changes	-	-	-	-	-	-	-	-	-
December 31, 2024	<u>\$-</u>	<u>\$19,978</u>	<u>\$31,470</u>	<u>\$3,557</u>	<u>\$1,488</u>	<u>\$1,798</u>	<u>\$3,265</u>	<u>\$-</u>	<u>\$61,556</u>
January 1, 2023	\$-	\$13,142	\$31,869	\$2,355	\$2,107	\$2,828	\$432	\$-	\$52,733
Depreciation	-	3,483	6,291	601	722	1,371	1,127	-	13,595
Disposition	-	(127)	(9,962)	-	(1,804)	(450)	-	-	(12,343)
Other changes	-	-	-	-	-	(650)	650	-	-
December 31, 2023	<u>\$-</u>	<u>\$16,498</u>	<u>\$28,198</u>	<u>\$2,956</u>	<u>\$1,025</u>	<u>\$3,099</u>	<u>\$2,209</u>	<u>\$-</u>	<u>\$53,985</u>
Carrying amount:									
December 31, 2024	<u>\$164,748</u>	<u>\$37,109</u>	<u>\$45,937</u>	<u>\$6,782</u>	<u>\$2,142</u>	<u>\$1,803</u>	<u>\$3,116</u>	<u>\$156,018</u>	<u>\$417,655</u>
December 31, 2023	<u>\$164,748</u>	<u>\$38,115</u>	<u>\$24,760</u>	<u>\$7,383</u>	<u>\$1,505</u>	<u>\$2,215</u>	<u>\$4,035</u>	<u>\$108,012</u>	<u>\$350,773</u>

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

The capitalized amounts of borrowing costs of property, plant and equipment and other non-current assets and the interest rates thereof are as follows:

Item	2024	2023
Recognized in property, plant and equipment and other non-current assets	\$3,581	\$3,280
Capitalized interest rate range of borrowing costs	0.08%~2.64%	0.95%~2.60%

Please refer to Note 8 for the provision of property, plant and equipment as security.

9. Investment property

	Land	Buildings	Total
Cost:			
January 1, 2024	\$6,405	\$4,095	\$10,500
Disposition	(6,405)	(4,095)	(10,500)
December 31, 2024	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>
January 1, 2023	\$9,867	\$6,293	\$16,160
Disposition	(3,462)	(2,198)	(5,660)
December 31, 2023	<u>\$6,405</u>	<u>\$4,095</u>	<u>\$10,500</u>
Depreciation and impairment:			
January 1, 2024	\$-	\$561	\$561
Current depreciation	-	40	40
Disposition	-	(601)	(601)
December 31, 2024	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>
January 1, 2023	\$-	\$1,190	\$1,190
Current depreciation	-	114	114
Disposition	-	(743)	(743)
December 31, 2023	<u>\$-</u>	<u>\$561</u>	<u>\$561</u>
Net carrying amount:			
December 31, 2024	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>
December 31, 2023	<u>\$6,405</u>	<u>\$3,534</u>	<u>\$9,939</u>

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

Please refer to Note 8 for the provision of investment property as security.

The carrying amounts of the investment properties located in the east district of Tainan City held by the Company on December 31, 2024 and 2023 were NT\$0 thousand and NT\$9,939 thousand. The fair value thereof was not evaluated by independent appraisers but was only evaluated by the Company's management in reference to the real estate price registration information of the real property in the neighboring areas or the most recent transaction price. The fair value is classified as Class III. The fair values were NT\$0 thousand and NT\$14,497 thousand on December 31, 2024 and 2023, respectively.

10. Other non-current assets

	December 31, 2024	December 31, 2023
Prepayment for land (Note 1)	\$245,490	\$242,791
Prepayment for equipment	9,275	11,331
Refundable deposits (Note 2)	33,352	32,472
Other non-current assets - others	8,000	4,700
Total	<u>\$296,117</u>	<u>\$291,294</u>

(Note 1) The Company acquired the land for business use as per the contract. The acceptance and inspection required under the contract has not been completed. It is stated as the prepayment for land. For the details about provision of such land as security, please refer to Note 8.

(Note 2) The refundable deposits are mainly those for the purchase of land.

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

11. Short-term borrowings

	Interest rate range (%)	December 31, 2024	December 31, 2023
Unsecured bank borrowings	1.98%~2.26%	\$30,000	\$3,000
Secured bank borrowings	2.19%	25,000	143,420
Total		<u>\$55,000</u>	<u>\$146,420</u>

As of December 31, 2024 and 2023, the Company had unused short-term borrowing facilities amounting to NT\$573,000 thousand and NT\$477,000 thousand, respectively.

For the collateral for bank loans, please refer to Note 7 and 8.

12. Long-term borrowings

The details of long-term borrowings as of December 31, 2024 and 2023 are as follows:

Creditors	December 31, 2024	Interest rate (%)	Repayment period and rules
E.SUN Bank Credit loans	\$31,747	1.58%	From December 24, 2021 to December 15, 2028, the grace period is 36 months, and starting from 4th year, the principal shall be repaid in 48 instalments evenly, with the interest payable on a monthly basis.
Taipei Fubon Bank Secured borrowings	68,038	1.08%	From May 24, 2021 to May 24, 2026, the grace period is 36 months, and starting from 4th year, the principal shall be repaid in 24 instalments evenly, with the interest payable on a monthly basis.
Taipei Fubon Bank	80,000	2.46%	From January 4, 2024 to May 24, 2034, the grace period is 41

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

Creditors	December 31, 2024	Interest rate (%)	Repayment period and rules
Secured borrowings			instalments, and starting from 4th year, the principal shall be repaid in 84 instalments evenly, with the interest payable on a monthly basis.
Taipei Fubon Bank Secured borrowings	26,500	1.58%	From February 6, 2024 to February 6, 2034, the grace period is 36 months, and starting from 4th year, the principal shall be repaid in 84 instalments evenly, with the interest payable on a monthly basis.
Cathay United Bank Credit loans	30,533	1.08%	From February 19, 2021 to February 19, 2026, the grace period is 39 months, and starting from 40th month, the principal shall be repaid in 21 monthly installments evenly, with the interest payable on a monthly basis.
Mega Bank Credit loans	20,500	0.98%	From May 31, 2021 to May 31, 2028, the grace period is 24 months, and starting from 3rd year, the principal shall be repaid in 60 instalments evenly, with the interest payable on a monthly basis.
Subtotal	\$257,318		
Less: current portion	(90,148)		
Total	\$167,170		

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

Creditors	December 31, 2023	Interest rate (%)	Repayment period and rules
E.SUN Bank Credit loans	\$13,247	1.45%	From December 24, 2021 to December 15, 2028, the grace period is 36 months, and starting from 4th year, the principal shall be repaid in 48 instalments evenly, with the interest payable on a monthly basis.
Taipei Fubon Bank Secured borrowings	165,000	2.53%	From December 17, 2020 to May 24, 2024, the interest is payable on a monthly basis and the principal repaid in a lump sum on the maturity date.
Taipei Fubon Bank Secured borrowings	79,967	0.95%	From May 24, 2021 to May 24, 2026, the grace period is 36 months, and starting from 4th year, the principal shall be repaid in 24 instalments evenly, with the interest payable on a monthly basis.
Cathay United Bank Credit loans	49,322	0.95%	From February 19, 2021 to February 19, 2026, the grace period is 36 months, and starting from 4th year, the principal shall be repaid in 24 instalments evenly, with the interest payable on a monthly basis.
Mega Bank Credit loans	26,500	0.85%	From May 31, 2021 to May 31, 2028, the grace period is 24 months, and starting from 3rd year, the principal shall be repaid in 60 instalments evenly, with the interest payable on a monthly basis.
Subtotal	\$334,036		
Less: current portion	(208,763)		
Total	\$125,273		

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

For the collateral for long-term loans, please refer to Note 7 and 8.

13. Retirement benefit plan

Defined contribution plan

The retirement benefit plan established by the Company in accordance with the "Labor Pension Act" is a defined contribution plan. According to the Act, the Company shall make a monthly contribution of no less than 6% of the monthly wages of the employees. The Company has established the regulations governing employees' retirement according to the Act, and contributed 6% of the employees' monthly salaries to the personal pension accounts maintained at the Bureau of Labor Insurance.

The Company's expenses for the defined contribution plan recognized in 2024 and 2023 were NT\$4,165 thousand and NT\$4,043 thousand, respectively.

14. Equity

(1) Common stock

- a. On August 8, 2023, the Company's Board of Directors resolved to carry out the cash capital increase by NT\$45,000 thousand, at the par value of NT\$10 per share and issued at a premium of NT\$35 per share, of which 675 thousand shares were reserved for employees' subscription. The fair value was NT\$10.58 per share. Meanwhile, it also resolved to set December 18, 2023 as the record date for the capital increase. The capital increase was approved by the competent authority and the registration of change was also completed.
- b. As of December 31, 2024 and 2023, the Company's authorized capitals were all NT\$800,000 thousand, at the par value of NT\$10 per share. The paid-in capital was NT\$408,965 thousand, and the issued shares were 40,896 shares. Each share is entitled to one voting right and the right to receive dividends.

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

(2) Capital surplus

	December 31, 2024	December 31, 2023
Issued at premium	\$198,653	\$198,653
Reorganization	2,623	2,623
Employee share warrants	5,206	5,206
Expired employee share warrants	1,936	1,936
Total	<u>\$208,418</u>	<u>\$208,418</u>

According to laws and regulations, the capital surplus shall not be used except for making good the deficit of the Company. When the Company incurs no loss, the capital surplus exceeding the income derived from the issuance of new shares at a premium or income from endowments received by the Company may be capitalized annually in proportion to the paid-in capital. Said capital surplus may also be distributed to shareholders in cash in proportion to the number of shares being held by each of them.

(3) Earnings distribution and dividend policy

According to the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order:

- A. Pay all taxes and dues;
- B. Compensate all losses;
- C. Set aside 10% as the legal reserve;
- D. Set aside or reverse special reserve in accordance with law and regulations or the competent authority's order.
- E. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The Company's dividend distribution policy shall depend on the Company's current and future investment environment, capital needs, domestic and foreign competition, and capital budgets, while taking into account shareholders' rights and interests and the Company's long-term financial planning. The Board of Directors shall prepare a proposal for the distribution of dividends each year in

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

accordance with the law and submit it to the shareholders' meeting. The stock dividends shall be 0%~90% of the total distributable dividends, including the cash dividends 10%~100% of the total distributable dividends.

According to the Company Act, the legal reserve shall be set aside, unless it amounts to the total authorized capital. The legal reserve can be used to make good the deficit. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or in cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributes the distributable earnings, it may set aside the special reserve from the difference between the balance of special reserve already set aside at the first-time adoption of IFRSs and the deduction net amount of other shareholders' equity. If there is a subsequent reversal of the net deduction of other shareholders' equity, the special reserve reversed may be reverted to distribute the earnings.

In accordance with the FSC's order under Jin-Guan-Zheng-Fa-Zi No. 1090150022 dated March 31, 2021, the Company shall set aside the special reserve from the unrealized revaluation increments and (gains on) cumulative translation adjustment transferred to the retained earnings after it chose to adopt the exemptions under IFRS 1 "First-time Adoption of International Financial Reporting Standards" on the date of translation, when the Company adopted the IFRS initially. When related assets are used, disposed of or reclassified by the Company subsequently, the original rate to state the special reserves could be used to reverse the earnings distribution.

The appropriations and distribution of earnings for 2024 and 2023 and dividends per share were proposed and resolved in the Board of Directors and the general shareholders' meeting on March 12, 2025 and June 28, 2024, respectively, as follows:

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

	Appropriation and distribution of earnings		Dividends per share (NTD)	
	2024	2023	2024	2023
Legal reserve	\$24,852	\$20,906		
Provision (reversal) of special reserve	(93)	93		
Common stock cash dividends	143,138	122,689	\$3.50	\$3.00

For the information about estimate bases and recognized amount of the remuneration to employees and directors, please refer to Note 6.19.

15. Share-based payment plan

The Company's employees are entitled to share-based payments as part of their compensation plan. The employees may obtain the consideration for equity instruments by providing labor services. Such transaction is an equity-settled share-based payment transaction.

Cash capital increase to reserve employee stock options

The Company's Board of Directors resolved to issue new shares for the cash capital increase on August 8, 2023. 15% of the shares issued for the capital increase shall be subscribed for by qualified employees. The date of grant shall be determined based on the date when the number of shares subscribed for by employees is confirmed.

The record date of the subscription under the plan was November 3, 2023. A total of 4,500 thousand common shares were issued for cash capital increase, and 675 thousand shares out of them were reserved for the employees' subscription. The actual number of shares subscribed for by employees was 492 thousand shares.

As of December 31, 2023, the share-based payment plan agreed between the Company and the employees is as follows:

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

Type of agreement	Date of grant	Provider (Unit: Thousand)	Contract period (year)	Vesting conditions
Cash capital increase to reserve employee stock options	October 20, 2023	675	-	Immediately vested

The reserved employee stock options granted by the cash capital increase of the Company on October 20, 2023 were valued using the Black-Scholes Model and the inputs adopted by the Model are stated as follows:

	Remuneration plan
Stock price on the date of grant	NT\$45.53
Exercise price	NT\$35
Expected volatility	21.22%
Duration	52 days
Expected dividend yield	0.00%
Risk-free interest rate	1.00%
Fair value per unit	NT\$10.58

The expenses of the Company's recognized employee share-based payment plan are as follows:

	2023
The expenses of the Company's recognized employee share-based payment plan are as follows: (all of which are equity-settled share-based payments)	\$6,147

16. Operating revenue

	2024	2023
Revenue from contracts with customers		
Revenue from sale of goods	\$2,219,150	\$2,060,308
Other sales income	23,903	19,328
Total	\$2,243,053	\$2,079,636

The information on the revenue from contracts with customers in 2024 and 2023 is as follows:

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

(1) Revenue breakdown

The components of revenue in 2024 are as follows:

	Trading Operations Dept.	Production Operation Dept.	Total
Revenue from sale of goods	\$1,808,345	\$410,805	\$2,219,150
Other operating revenue	18,070	5,833	23,903
Total	<u>\$1,826,415</u>	<u>\$416,638</u>	<u>\$2,243,053</u>
Timing of revenue recognition:			
At a point in time	<u>\$1,826,415</u>	<u>\$416,638</u>	<u>\$2,243,053</u>

The components of revenue in 2023 are as follows:

	Trading Operations Dept.	Production Operation Dept.	Total
Revenue from sale of goods	\$1,710,661	\$349,647	\$2,060,308
Other operating revenue	14,852	4,476	19,328
Total	<u>\$1,725,513</u>	<u>\$354,123</u>	<u>\$2,079,636</u>
Timing of revenue recognition:			
At a point in time	<u>\$1,725,513</u>	<u>\$354,123</u>	<u>\$2,079,636</u>

(2) Contract balance

A. Contract liabilities - current

	December 31, 2024	December 31, 2023	January 1, 2023
Sale of goods	<u>\$5,465</u>	<u>\$5,285</u>	<u>\$6,859</u>

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

The significant changes in the balance of contract liabilities of the Company in 2024 and 2023 are as follows:

	2024	2023
Variance	\$180	\$(1,574)

The increase in the changes in contract liabilities of the Company in 2024 and 2023 is due to the partial consideration collected from the customer when signing the contract, and the Company must assume the obligation to recognize the contract liabilities for the subsequent sales of products, and the decrease is due to the completion of the performance obligation in this period, which is recognized as sales revenue.

17. Expected credit impairment loss (gain)

	2024	2023
Notes receivable	\$-	\$-
Accounts receivable	(2,554)	4,596
Total	\$(2,554)	\$4,596

Please refer to Note 12 for further details on credit risk.

The Company's financial assets measured at amortized cost were assessed to be with low credit risk (the same as the assessment at the beginning of the period) on December 31, 2024 and 2023, so the allowance for loss was measured based on the 12-month expected credit loss. The Company only transacts with banks and other financial institutions with good credit ratings. Therefore, no loss allowance is provided for the current period.

The Company's accounts receivables (including notes receivable and accounts receivable) adopt the lifetime expected credit loss amount to measure the loss allowance. The amount of loss allowance evaluated on December 31, 2024 and 2023 is as follows:

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

The historical credit loss experience of accounts receivables (including notes receivable and accounts receivable) shows that there is no significant difference in the loss pattern of different customer groups. Therefore, the loss allowance is measured irrespective of groups and using an allowance matrix. The relevant information is as follows:

December 31, 2024

	Not overdue (Note)	Overdue days				Total
		Within 90 days	91~180 days	181~360 days	More than 361 days	
Total carrying amount	\$259,942	\$95,127	\$3,934	\$105	\$1,355	\$360,463
	0.00%~	0.42%~	8.37%~	56.71%~		
Loss rate	0.11%	5.88%	36.42%	100.00%	100.00%	
Lifetime expected credit loss	(286)	(1,050)	(729)	(94)	(1,355)	(3,514)
Total	\$259,656	\$94,077	\$3,205	\$11	\$-	\$356,949

Note: All of the Company's notes receivable are not past due.

December 31, 2023

	Not overdue (Note)	Overdue days				Total
		Within 90 days	91~180 days	181~360 days	More than 361 days	
Total carrying amount	\$229,521	\$80,103	\$1,876	\$3,324	\$4,473	\$319,297
	0.00%~	0.84%~	15.76%~	53.94%~		
Loss rate	0.26%	13.64%	46.49%	100.00%	100.00%	
Lifetime expected credit loss	(596)	(1,619)	(321)	(2,750)	(4,473)	(9,759)
Total	\$228,925	\$78,484	\$1,555	\$574	\$-	\$309,538

Note: All of the Company's notes receivable are not past due.

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

The information on the changes in the loss allowance for the Company's notes receivable and accounts receivable for the 2024 and 2023 is as follows:

	Notes receivable	Accounts receivable	Total
January 1, 2024	\$-	\$9,759	\$9,759
Amount of reversal	-	(2,554)	(2,554)
Write-off due to irrecoverability	-	(3,691)	(3,691)
December 31, 2024	<u>\$-</u>	<u>\$3,514</u>	<u>\$3,514</u>
January 1, 2023	\$-	\$5,163	\$5,163
Increase	-	4,596	4,596
Write-off due to irrecoverability	-	-	-
December 31, 2023	<u>\$-</u>	<u>\$9,759</u>	<u>\$9,759</u>

18. Leases

(1) Company as a lessee

The Company leases multiple assets, including buildings and structures, transportation equipment and other equipment. The lease periods of each contract range from 2 to 6 years.

The effects posed by the lease to the Company's financial position, financial performance and cash flows are stated as follows:

A. Amount recognized in the balance sheet

(a) Right-of-use assets

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

Carrying amount of right-of-use assets

	December 31, 2024	December 31, 2023
Buildings and structures	\$4,045	\$5,394
Transportation equipment	5,390	8,886
Other equipment	158	216
Total	<u>\$9,593</u>	<u>\$14,496</u>

The Company's right-of-use assets increased by NT\$808 thousand and NT\$8,202 thousand in 2024 and 2023, respectively.

(b) Lease liabilities

	December 31, 2024	December 31, 2023
Lease liabilities	<u>\$9,657</u>	<u>\$14,551</u>
Current	\$4,683	\$5,570
Non-Current	4,974	8,981
Total	<u>\$9,657</u>	<u>\$14,551</u>

For the interest expenses of the Company's lease liabilities for 2024 and 2023, please refer to Note 6.20(3) Financial Costs. For the maturity analysis on the lease liabilities, please refer to Note 12.5 Liquidity risk management.

B. Amount recognized in the statement of comprehensive income

Depreciation of right-of-use assets

	2024	2023
Buildings and structures	\$1,349	\$1,346
Transportation equipment	4,304	2,650
Other equipment	58	53
Total	<u>\$5,711</u>	<u>\$4,049</u>

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

C. Lessee's income and expenses related to leasing activities

	2024	2023
Expenses of short-term leases	\$546	\$259

D. Lessee's cash outflows related to leasing activities

The Company's total cash outflow from leases for 2024 and 2023 were NT\$6,391 thousand and NT\$4,390 thousand, respectively.

19. Summary of employee benefits, depreciation and amortization expenses by function:

By function By nature	2024			2023		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expenses						
Salary expenses	\$32,339	\$109,781	\$142,120	\$31,068	\$98,688	\$129,756
Labor and national health insurance expenses	2,472	7,120	9,592	2,620	6,555	9,175
Pension expense	1,130	3,035	4,165	1,135	2,908	4,043
Remuneration to directors	-	2,207	2,207	-	2,095	2,095
Other employee benefit expenses	2,490	6,388	8,878	1,885	5,475	7,360
Depreciation expense	9,761	8,436	18,197	10,387	7,371	17,758
Amortization expenses	327	717	1,044	-	796	796

(1) The number of employees of the Company for the current year and the previous year was 109 persons and 106 persons, respectively.

(2) If the stock is listed on the Taiwan Stock Exchange or the Taipei Exchange, the following information should be disclosed:

A. The average employee benefit expenses for the current and the previous years are NT\$1,512 thousand and NT\$1,418 thousand, respectively.

B. The average employee salary expenses for the current and the previous years are NT\$1,304 thousand and NT\$1,224 thousand, respectively.

C. The average employee salary expenses increased by 6.54% due to the adjustments.

D. Remuneration policy (including directors, managers and employees):

The remuneration of the Company's management is paid in accordance with the

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

Articles of Incorporation and the regulations, and the review by the Remuneration Committee, followed by approval by the Board of Directors resolution.

The Company's employee remuneration is determined based on the market salary level, the Company's operations and overall economic conditions, and the Company's competitiveness, internal fairness and compliance. The Company has established a competitive remuneration system. The procedure for determining remuneration is based on the overall performance of the Company, individual performance, and contribution to the Company's performance. The remuneration is determined in a reasonable manner.

According to the Company's Articles of Incorporation, where there are annual profits at the end of a financial year, no less than 1% of the profits for such year shall be distributed to employees as the remuneration to employees, and no more than 5% thereof as remuneration to directors. Notwithstanding, the accumulated losses, if any, shall have been covered first. By a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, the remuneration to employees may be paid in the form of stock or in cash and reported to a shareholders' meeting.

Based on the profit sought in the current year, the Company estimated the remunerations to employees and directors as NT\$6,319 thousand and NT\$2,207 thousand for 2024, respectively, which were stated into the salary expenses, and as NT\$5,466 thousand and NT\$2,095 for 2023, respectively, which were stated into the salary expenses.

The remunerations to employees and directors distributed per resolution of the Board of Directors on March 12, 2025 were NT\$6,319 thousand and NT\$2,207 thousand. No material differences exist between the same and the amounts stated in the 2024 financial statement.

No material differences exist in the remunerations to employees and directors and supervisors distributed actually in 2023 and the amounts stated as expenses in the 2023 financial report.

20. Non-operating income and expenses

(1) Other income

	2024	2023
Dividend income	\$463	\$603
Interest revenue	18,645	18,859
Other income - others	12,659	9,332
Total	<u>\$31,767</u>	<u>\$28,794</u>

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

(2) Other gains and losses

	2024	2023
Gains (losses) on disposal of property, plant and equipment	\$(89)	\$159
Gains on disposal of investment	-	200
Gains on disposal of investment property	2,466	11,607
Gains on net foreign currency exchange	45,031	11,776
Gains or losses on financial assets/(liabilities) at fair value through profit or loss	3,277	(1,822)
Others	(1,180)	(4,233)
Total	<u>\$49,505</u>	<u>\$17,687</u>

(3) Financial cost

	2024	2023
Interest on bank borrowings	\$(3,098)	\$(8,144)
Interest on lease liabilities	(143)	(102)
Total	<u>\$(3,241)</u>	<u>\$(8,246)</u>

21. Components of other comprehensive income

The other comprehensive income of 2024 is as follows:

	Incurred in the current period	Income tax gains (expenses)	Amount after tax
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations	<u>\$997</u>	<u>\$-</u>	<u>\$997</u>

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

The other comprehensive income of 2023 is as follows:

	Incurred in the current period	Income tax gains (expenses)	Amount after tax
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations	<u>\$(531)</u>	<u>\$-</u>	<u>\$(531)</u>

22. Income tax

The main components of income tax expenses in 2024 and 2023 are as follows:

Income tax recognized in profit or loss

	2024	2023
Current income tax expenses (gains):		
Current income tax payable	\$59,509	\$55,605
Adjustment of the income tax in the previous year in the current period	(995)	948
Deferred income tax expenses (gains):		
Deferred income tax expenses related to origination and reversal of temporary difference	409	119
Income tax expense	<u>\$58,923</u>	<u>\$56,672</u>

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

The amount of income tax expense and accounting profit multiplied by the applicable income tax rate is adjusted as follows:

	2024	2023
Net profit before tax from continuing operations	\$307,442	\$265,730
Income tax calculated at the statutory income tax rate	\$61,488	\$53,146
Income tax impact from tax-free profits	(1,176)	(4,871)
Income tax effect of deferred income tax assets and liabilities	(2,092)	599
Additional tax levied on the unappropriated earnings	1,698	6,850
Adjustment of the income tax in the previous year in the current period	(995)	948
Total income tax expense recognized in profit or loss	\$58,923	\$56,672

Deferred income tax assets (liabilities) related to the following items:

2024

	Opening balance	Recognized as Profit or loss	Closing balance
Temporary difference			
Net unrealized exchange loss	\$(371)	\$(3,445)	\$(3,816)
Unrealized provision for inventory valuation loss	3,594	284	3,878
Exceed the loss allowance	1,313	(1,249)	64
Unrealized sales discounts	1,937	1,605	3,542
Valuation of financial assets at fair value through profit or loss	2,580	(972)	1,608
Others	1,557	3,368	4,925
Deferred income tax (expense)		\$(409)	
Net deferred income tax assets/(liabilities)	\$10,610		\$10,201
The information expressed on the balance sheet is as follows:			
Deferred income tax assets	\$10,981		\$14,017
Deferred income tax liabilities	\$(371)		\$(3,816)

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

2023

	Opening balance	Recognized as Profit or loss	Closing balance
Temporary difference			
Net unrealized exchange loss	\$(439)	\$68	\$(371)
Unrealized provision for inventory valuation loss	4,682	(1,088)	3,594
Exceed the loss allowance	736	577	1,313
Unrealized sales discounts	2,157	(220)	1,937
Valuation of financial assets at fair value through profit or loss	1,832	748	2,580
Others	1,761	(204)	1,557
Deferred income tax (expense)		\$(119)	
Net deferred income tax assets/(liabilities)	<u>\$10,729</u>		<u>\$10,610</u>
The information expressed on the balance sheet is as follows:			
Deferred income tax assets	<u>\$11,168</u>		<u>\$10,981</u>
Deferred income tax liabilities	<u>\$(439)</u>		<u>\$(371)</u>

The assessment on income tax returns

As of December 31, 2024, the assessment on the income tax returns of the Company is as follows:

	The assessment on income tax returns
the Company	<u>Authorized until 2022</u>

23. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing net profit for the year attributable to the ordinary shareholders of the Company (upon reconciliation of interest on convertible corporate bonds) by the weighted average number of ordinary shares

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

outstanding during the year, plus the weighted average number of ordinary shares to be issued when dilutive potential ordinary shares are converted into ordinary shares.

	<u>2024</u>	<u>2023</u>
(1) Basic earnings per share		
Net income (NTD thousand)	<u>\$248,519</u>	<u>\$209,058</u>
Weighted average number of ordinary shares for basic earnings per share (Thousand Shares)	<u>40,896</u>	<u>36,569</u>
Basic earnings per share (NT\$)	<u>\$6.08</u>	<u>\$5.72</u>
	<u>2024</u>	<u>2023</u>
(2) Diluted earnings per share		
Net income (NTD thousand)	<u>\$248,519</u>	<u>\$209,058</u>
Weighted average number of ordinary shares for basic earnings per share (Thousand Shares)	40,896	36,569
Dilution effect:		
Remuneration to employees - shares (thousand shares)	<u>147</u>	<u>325</u>
Weighted average number of ordinary shares after adjustment and dilution (Thousand Shares)	<u>41,043</u>	<u>36,894</u>
Diluted basic earnings per share (NT\$)	<u>\$6.06</u>	<u>\$5.67</u>

There have been no other transactions involving outstanding ordinary shares or potential ordinary shares between the reporting period and the date of approval and publication of the financial statements.

VII. Related party transactions

The related parties engaging in transactions with the Company during the financial reporting period are as follows:

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

Name of related party and relationship

Name of related party	Relationship with the Company
BCR INC. (hereinafter referred to as “BCR”)	Subsidiaries of the Company
Suzhou Youlian Trading Co., LTD. (hereinafter referred to as “Suzhou Youlian”)	Subsidiaries of the Company
Chang Hung Chen	Chairman of the Company
Hsiang Ta-Yung	Substantive related party of the Company (Note)

(Note) The Company sold 40.12% of the equity of Yong Chen Company to the Company's substantial related party - Hsiang Ta-Yung, on May 22, 2023 after approval by the responsible supervisor. The proceeds from the sale of equity was NT\$8,496 thousand and the gain on disposal of investment was NT\$200 thousand (recorded as other gains and losses). After the transfer of equity on June 2, 2023, the Company lost control over it.

1. Sales

	2024	2023
Subsidiaries of the Company	\$6,448	\$958

The price of the Company's sale to the related party is based on the general sales terms, and the collection period is equivalent to that of general customers.

2. Purchase

	2024	2023
Subsidiaries of the Company	\$29,858	\$19,586

The Company purchases goods from related parties in accordance with the normal purchase terms, and the payment period is equivalent to that of general manufacturers.

3. Accounts payable — related parties

	December 31, 2024	December 31, 2023
Subsidiaries of the Company	\$73	\$42

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

4. Others

- (1) The 2024 and 2023 packaging fees of the Company's subsidiaries were booked in the "Selling cost and expense" account, which were NT\$2,409 thousand and NT\$1,846 thousand, respectively.
- (2) The management service income received from the Company's subsidiary for the provision of labor services in 2024 and 2023 was booked in the "Other income" account, which was NT\$753 thousand and NT\$1,085 thousand, respectively.
- (3) On December 31, 2024 and 2023, the Company borrowed from financial institutions. According to some of the loan contracts, the Company's main management personnel provided joint guarantees.

5. Remuneration to the Company's key management

	2024	2023
Short-term employee benefits	\$32,178	\$38,559
Retirement benefit	432	432
Total	<u>\$32,610</u>	<u>\$38,991</u>

VIII. Pledged assets

The Company has provided the following assets as collaterals:

	Carrying amount		Details about the
	2024.12.31	2023.12.31	secured debts
Financial assets measured at amortized cost - current	\$2,016	\$261,965	Short-term borrowings
Property, plant and equipment - land	164,748	164,748	Short-term and long-term borrowings
Property, plant and equipment - buildings	27,233	29,204	Short-term and long-term borrowings
Prepayment for land (recognized in other non-current assets)	245,490	242,791	Long-term borrowings
Total	<u>\$439,487</u>	<u>\$698,708</u>	

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

IX. Significant contingent liabilities and unrecognized contractual commitments

- (I) The Company has had the following important engineering contracts as of December 31, 2024:

Project name	Contract amount (after tax)	Amount paid (after tax)	Amount outstanding (after tax)
Sinji Plant Construction Contract	\$178,000	\$155,879	\$22,121

- (II) As of December 31, 2024, the Company issued promissory notes for long-term and short-term borrowings in the amount of NT\$1,858,976 thousand as the performance bond. As they were considered as contingent liabilities in nature, they were not included in the financial statements.

X. Losses from major disasters

None.

XI. Material events after the reporting period

None.

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

XII. Others

1. Categories of financial instruments

Financial assets

	December 31, 2024	December 31, 2023
Financial assets at fair value through profit or loss:		
Financial assets at fair value through profit or loss - current	\$74,185	\$77,232
Financial assets measured at amortized cost		
Cash and cash equivalents (excluding cash on hand)	445,182	354,353
Financial assets measured at amortized cost	2,016	261,965
Notes receivable	13	206
Accounts receivable	356,936	309,332
Other receivables	18,786	13,009
Refundable deposits (recognized in other non-current assets)	33,352	32,472
Subtotal	856,285	971,337
Total	<u>\$930,470</u>	<u>\$1,048,569</u>

Financial liabilities

	December 31, 2024	December 31, 2023
Financial liabilities measured at amortized cost:		
Short-term borrowings	\$55,000	\$146,420
Accounts payables	212,558	180,838
Long-term borrowings (including the current portion)	257,318	334,036
Lease liabilities (including current and non-current)	9,657	14,551
Total	<u>\$534,533</u>	<u>\$675,845</u>

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

2. Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for said financial risk management. Before entering into significant financial transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company shall comply with its financial risk management policies during its financial management activities.

3. Market risk

The Company's market risk arises from the fluctuation of fair value or cash flow due to changes in the market price of financial instruments. Market risk mainly includes exchange rate risk, interest rate risk and other price risks (e.g. equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables, and there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign exchange rate risk

The Company's exposure to the foreign exchange rate risk relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and net investment in foreign operations.

The Company's foreign currency receivables and foreign currency payables are denominated in the same foreign currency in part. Accordingly, the equivalent positions would generate the natural hedging effect. The Company uses forward

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

exchange contracts to manage the foreign exchange rate risk with respect to certain foreign currency payments. Considering that the management of foreign exchange rate risk by said natural hedge and forward exchange contract does not satisfy the hedge accounting requirements, the Company waives to adopt the hedge accounting. Further, the net investment in foreign operations is considered as the strategic investment, for which the Company does not adopt any hedging policy.

The Company's foreign exchange rate risk sensitivity analysis is performed on the effect posed to the Company's income by appreciation/depreciation of foreign currency related to the significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign exchange rate risk is mainly related to the volatility in the exchange rates for USD and EUR. The information of the sensitivity analysis is as follows:

- (1) When the NTD appreciates/depreciates 1% against the USD, the Company's income will decrease/increase by NT\$3,162 thousand and NT\$6,048 thousand for the years 2024 and 2023, respectively; the equity will decrease/increase by NT\$2,530 thousand and NT\$4,838 thousand, respectively.
- (2) When NTD appreciates/depreciates by 1% against EUR, the Company's profit or loss for 2024 and 2023 will decrease/ increase by NT\$1,945 thousand and NT\$958 thousand, respectively, and the equity will decrease/increase by NT\$1,556 thousand and NT\$766 thousand, respectively.

Interest rate risk

The interest rate risk arises when the fluctuation of the market interest rate results in fluctuation in financial instruments' fair value or future cash flow. The Company's interest rate risk arises primarily from the debt instruments with floating interest rates investment, and fixed rate and floating rate loans.

The sensitivity analysis on the Group's interest rate risk is primarily intended to be conducted against the interest rate exposure items at the end of the financial reporting period, including the floating rate investment, floating rate loans and interest rate swaps. Meanwhile, under the hypothesis of holding for one fiscal year, when interest rate increases/decrease by 10 basis points, the Company's profit or loss for 2024 and 2023 is decreased/increased by NT\$133 thousand and NT\$136 thousand.

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

Equity price risk

The Company holds TWSE/TPEX listed equity securities, of which the fair value will be affected by the uncertainty of the future value of these investment targets. The TWSE/TPEX listed equity securities held by the Company are included in the types of assets at fair value through profit or loss. The Company manages the price risk of equity securities by diversifying its investments and setting limits for a single or overall equity securities investment. Equity securities investment portfolio information shall be regularly provided to the senior management of the Company, and the Board of Directors shall review and approve all equity securities investment decisions.

It refers to the TWSE/TPEX listed equity securities at fair value through profit or loss. When the price of such equity securities increases/decreases by 1%, the Company's profit or loss for 2024 and 2023 will be increased/decreased by NT\$118 thousand and NT\$129 thousand.

4. Credit risk management

Credit risk is the risk that a trading counterpart will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities (primarily for bank deposits and other financial instruments).

The Company's business units manage the credit risk in accordance with the Company's established policy, procedures and control relating to credit risk management. The assessment on credit risk of all trading counterparts comprehensively takes into account their financial position, rating from credit rating agencies, historical experience in transactions, prevailing economic conditions and the Company's internal rating criteria, etc.. The Company also uses certain credit enhancement procedures (such as unearned sales revenue and insurance) to mitigate certain trading counterparts' credit risk.

As of December 31, 2024 and 2023, the top ten contract assets and accounts receivable represent 42% and 48% of the Company's total accounts receivables, respectively. The credit concentration risk of the other accounts receivable is insignificant relatively.

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

The Company's treasury department manages the credit risk over the bank deposits, fixed-income securities and other financial instruments in accordance with the Company's policy. The Company only transacts with trading counterparts approved by the internal control procedures, which are banks and financial institutions, companies and government agencies with good credit ratings. Consequently, there is no significant credit risk for these trading counterparts.

5. Liquidity risk management

The Company's objective is to maintain financial resilience through cash and cash equivalents, high-liquidity securities and bank loan and lease contracts. The table below summarizes the maturity profile of the Company's financial liabilities based on the earliest date when the repayment is required and the undiscounted cash flows thereof. The amount so identified also includes the agreed interest. The undiscounted interest amounts of the cash flow of interest payable at floating rate are extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	1~2 years	2~3 years	Over 3 years	Total
December 31, 2024					
Borrowings	\$149,388	\$58,878	\$22,320	\$102,161	\$332,747
Accounts payables	212,558	-	-	-	212,558
Lease liabilities	4,806	3,544	1,489	-	9,839
December 31, 2023					
Borrowings	\$359,760	\$111,857	\$15,655	\$-	\$487,272
Accounts payables	180,838	-	-	-	180,838
Lease liabilities	5,707	4,530	3,268	1,350	14,855

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

6. Reconciliation of liabilities from financing activities

2024 and 2023 reconciliations of liabilities:

	Short-term borrowings	Long-term borrowings (including the current portion)	Lease liabilities	Total liabilities from financing activities
January 1, 2024	\$146,420	\$334,036	\$14,551	\$495,007
Cash flow	(91,420)	(76,718)	(5,702)	(173,840)
Not changes in cash	-	-	808	808
December 31, 2024	<u>\$55,000</u>	<u>\$257,318</u>	<u>\$9,657</u>	<u>\$321,975</u>
January 1, 2023	\$630,880	\$328,465	\$10,378	\$969,723
Cash flow	(484,460)	5,571	(4,029)	(482,918)
Not changes in cash	-	-	8,202	8,202
December 31, 2023	<u>\$146,420</u>	<u>\$334,036</u>	<u>\$14,551</u>	<u>\$495,007</u>

7. Fair value of financial instruments

(1) The methods and assumptions applied in determining the fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses the following methods and assumptions to measure or disclose the fair value of financial assets and financial liabilities:

A. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

- B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (e.g. TWSE/TPEX-listed stocks)
- C. For equity instruments not traded in an active market (e.g. stocks issued by unlisted companies), the fair value is assessed under the market approach. That is, the fair value is estimated based on the price generated from the market where an identical or a comparable company's equity instruments are traded, and other critical information (e.g., the inputs including discounts for lack of marketability, similar company's P/E ratio, similar company's P/B ratio).
- D. For investment in debt instruments without active market quotation, bank loans, and other non-current liabilities, the fair value is decided based on the trading counterpart's quotation or valuation technique. The valuation technique is decided based on an analysis of cash flow discounts. The interest rate and discount rate hypotheses are based on the information related to similar instruments (e.g. TPEX reference interest rate yield curve, Reuters average quotation of promissory note interest rate and credit risk).

(2) The fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and financial liabilities measured at amortized cost approximate their fair values.

(3) Information about the fair value measurement hierarchy for financial instruments

Please refer to Note 12.8 for the fair value measurement hierarchy for financial instruments of the Company.

8. Fair value hierarchy

(1) Definition of fair value hierarchy

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

All assets and liabilities measured or disclosed at fair value are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Each level of inputs is described as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities acquired at the date of measurement.

Level 2: Inputs observable for the asset or liability, either directly or indirectly, other than quoted prices included within Level 1.

Level 3: Unobservable inputs for the asset or liability

For assets and liabilities measured at fair value on a recurring basis, the Group reevaluates their classification at the end of each reporting period to determine the amount of any transfer between different fair value hierarchy levels.

(2) Information about fair value measurement hierarchy

The Company does not have assets that are measured at fair value on a non-recurring basis. The fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets measured at fair value:				
Disposal of financial assets at fair value through profit or loss				
Stocks	\$11,820	\$-	\$-	\$11,820
Bonds	-	54,840	-	54,840
Funds	-	7,525	-	7,525

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets measured at fair value:				
Disposal of financial assets at fair value through profit or loss				
Stocks	\$12,936	\$-	\$-	\$12,936
Bonds	-	57,243	-	57,243
Funds	-	7,053	-	7,053

Transfer of fair value measurement hierarchy between Level 1 and Level 2

For assets and liabilities of the Company measured at repetitive fair value, there were no transfers of fair value measurement hierarchy between Level 1 and Level 2, for 2024 and 2023.

9. Information about significant assets and liabilities denominated in foreign currencies

Information regarding the Company's significant assets and liabilities denominated in foreign currencies is listed below:

	<u>December 31, 2024</u>			<u>December 31, 2023</u>		
	Foreign currency	Foreign exchange rate	NTD	Foreign currency	Foreign exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$9,658	32.735	\$316,155	\$19,729	30.655	\$604,792
EUR	5,731	33.940	194,510	2,836	33.780	95,800

Said information is disclosed based on the carrying amount of foreign currency (which has been converted into the functional currency).

In consideration of the multiple functional currencies adopted by the Company, it is impossible for the Company to disclose the information about exchange gains/losses on various significant assets and liabilities denominated in foreign

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

currencies. The Company's foreign currency exchange gains were NT\$45,031 thousand and NT\$11,776 thousand in 2024 and 2023, respectively.

10. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business operations and maximize its shareholders' equity. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain and adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

XIII. Disclosures in Notes

1. Information on significant transactions and investees

- (1) Loans to others: None.
- (2) Endorsements/guarantees for others: None.
- (3) Marketable securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 1.
- (4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
- (5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- (6) Disposal of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- (7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- (8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

Notes to the Parent Company Only Financial Statements of SPEC Products Corp.
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

(9) The name and location of the investee company and other relevant information (excluding the investees in mainland China): Please refer to Table 2.

(10) Derivatives trading: None.

2. Information on investments in Mainland China:

(1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, current-period profit or loss of investee and recognized investment profit or loss, ending carrying amount of investment, the amount received as dividends from the investee, and the limitation on investee: Please refer to Table 3.

(2) Any significant transactions entered into with the investees in Mainland China via a third area, directly or indirectly, and the price, payment terms or unrealized profit or loss thereof, and any other information that may help better understand the effect posed by investments in Mainland China to the financial statements: Please refer to Table 3 for details.

3. Information on major shareholders: N/A.

XIV. Operating Department information

The Company is exempted from preparation in accordance with Article 22 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the information of the operating department has been disclosed in the consolidated financial statements.

Notes to the Parent Company Only Financial Statements of SPEC Products Corp. (To be Continued)
(All amounts are in NTD thousand or in thousands of foreign currency)

Table 1

(Marketable securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures))

Holder	Type and name of marketable securities (Note)	Relationship with the securities issuer	Financial statement account	End of period				Remarks
				Number of shares (shares)	Carrying amount	Shareholding ratio	Fair value	
the Company	TWSE-listed stocks - Class C preferred shares of Fubon Financial Holding Co., Ltd.	None	Financial assets at fair value through profit or loss - current	184,956	\$9,840	-	\$9,840	No security or pledge
	TWSE listed stock - SHANGHAI COMMERCIAL SAVINGS BANK, LTD.	None	Financial assets at fair value through profit or loss - current	50,000	1,980	-	1,980	No security or pledge
				Subtotal	\$11,820		\$11,820	

Notes to the Parent Company Only Financial Statements of SPEC Products Corp. (To be Continued)
(All amounts are in NTD thousand or in thousands of foreign currency)

Table 1 (to be continued)

Marketable securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures) (to be continued)

Holder	Type and name of marketable securities (Note)	Relationship with the securities issuer	Financial statement account	End of period				Remarks
				Number of shares (shares)	Carrying amount	Shareholding ratio	Fair value	
the Company	Bonds - Fubon Altria Corporate Bond	None	Financial assets at fair value through profit or loss - current	100,000	\$2,353	-	\$2,353	No security or pledge
	Bonds - Saudi Government International Bond purchased by Fubon	None	Financial assets at fair value through profit or loss - current	200,000	5,246	-	5,246	No security or pledge
	Bonds - Cathay United AT&T Bond	None	Financial assets at fair value through profit or loss - current	200,000	4,141	-	4,141	No security or pledge
	Bonds - Cathay United PLN Bond	None	Financial assets at fair value through profit or loss - current	200,000	4,508	-	4,508	No security or pledge
	Bonds - Cathay United BNP Paribas USD Non-Cumulative Perpetual Subordinated Bond	None	Financial assets at fair value through profit or loss - current	200,000	6,523	-	6,523	No security or pledge
	Bonds - CTBC PLN Bond	None	Financial assets at fair value through profit or loss - current	200,000	5,695	-	5,695	No security or pledge
	Bonds - E.SUN Amundi Funds Pioneer Strategic Income Bond	None	Financial assets at fair value through profit or loss - current	2,197	2,118	-	2,118	No security or pledge
	Bonds — Cathay/HSBC Holding USD Senior Unsecured Bond	None	Financial assets at fair value through profit or loss - current	200,000	6,433	-	6,433	No security or pledge
	Bonds — Shanghai Collective Fund Management Account	None	Financial assets at fair value through profit or loss - current	200,000	7,137	-	7,137	No security or pledge
	Bonds — Shanghai Collective Account 2-Year Bond	None	Financial assets at fair value through profit or loss - current	300,000	10,686	-	10,686	No security or pledge
				Subtotal	\$54,840		\$54,840	

Notes to the Parent Company Only Financial Statements of SPEC Products Corp. (To be Continued)
(All amounts are in NTD thousand or in thousands of foreign currency)

Table 1 (to be continued)

Marketable securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures) (to be continued)

Holder	Type and name of marketable securities (Note)	Relationship with the securities issuer	Financial statement account	End of period				Remarks
				Number of shares (shares)	Carrying amount	Shareholding ratio	Fair value	
the Company	Monetary funds - E.SUN Allianz Global Investors Income and Growth Fund	None	Financial assets at fair value through profit or loss - current	13,345	\$3,796	-	\$3,796	No security or pledge
	Monetary funds - E.SUN ABITL Income Umbrella Multi-asset Income Fund of Funds	None	Financial assets at fair value through profit or loss - current	5,650	2,366	-	2,366	No security or pledge
	Monetary funds - E.SUN Franklin Biotechnology Discovery Fund	None	Financial assets at fair value through profit or loss - current	1,061	1,363	-	1,363	No security or pledge
				Subtotal	\$7,525		\$7,525	
				Total	\$74,185		\$74,185	

(Note) Marketable securities stated in this table refer to stocks, bonds, beneficiary certificates within the scope of IFRS 9 "Financial Instruments," and marketable securities derived from said items.

Notes to the Parent Company Only Financial Statements of SPEC Products Corp. (To be Continued)
(All amounts are in NTD thousand or in thousands of foreign currency)

Table 2

The name and location of the investee company and other relevant information (excluding the investees in mainland China)

Name of Investor	Name of Investee	Location	Main business items	Original investment amount		Held at end of period			Investee (Loss) Profits of the period	Investment profit (loss) recognized in the current period	Remarks
				End of the current period	End of last year	Number of shares (shares)	Ratio	Carrying amount			
the Company	BCR	Taiwan	Wholesale of metalware and international trading.	\$63,188	\$63,188	3,000,000	100.00%	\$73,453	\$5,420	\$5,420	(Note)

(Note) Already eliminated when the consolidated financial statements were prepared.

Notes to the Parent Company Only Financial Statements of SPEC Products Corp. (To be Continued)
(All amounts are in NTD thousand or in thousands of foreign currency)

Table 3

Information on investments in Mainland China:

Name of Investee in Mainland China	Main business items	Paid-up capital (Note 3)	Investment method (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of the beginning of the period	Investment Remittance or Regain in the current period		Accumulated Outward Remittance for Investment from Taiwan as of the end of the period	Investee profit or loss for the current period	Direct or indirect shareholdings by the Company %	Investment profit (loss) recognized in the current period (Note 6)	Carrying amount of investments at the end of the period (Note 6)	Repatriated investment income up to the current period	Remarks
					Remittance	Regain							
Suzhou Youlian	Wholesale of fasteners and spare parts/accessories	\$7,058 (CNY 1,585 thousand)	(III) BCR (Note 4)	\$17,906 (USD 547 thousand)	\$-	\$-	\$17,906 (USD 547 thousand)	\$2,588	100.00%	\$2,588	\$31,608	-	(Note 5)

Accumulated amount of remittance from Taiwan to Mainland China at the end of the period	Amount of investment approved by the Investment Commission, Ministry of Economic Affairs	Limit of investment in Mainland China stipulated by the Investment Commission, MOEA (Note 2)
\$17,906 (USD547 thousand) (Note 3)	\$17,906 (USD547 thousand) (Note 3)	\$790,148

(Note 1) Investment methods are divided into the following three types:

(I) Reinvesting in Mainland China through companies in a third region; (II) reinvesting with the Company's own funds in Mainland China; (III) other means

(Note 2) According to the amendments to the "Regulations Governing Permission for Investment or Technical Cooperation in Mainland China" and "Principles for the Review of Investment or Technical Cooperation in Mainland China" on August 22, 2008, the limit of percentage of the cumulative amount of an investor's investment in Mainland China based on other enterprises is as follows: 60% of the Company's net worth or consolidated net worth, whichever is higher.

(Note 3) The RMB to NTD exchange rate in the Table is based on the exchange rate of 4.453 at the end of December 2024.

The USD to NTD exchange rate in the Table is based on the exchange rate of 32.735 at the end of December 2024.

(Note 4) The Group's subsidiary, BCR, directly invested in Suzhou Youlian.

(Note 5) Already eliminated when the consolidated financial statements were prepared.

(Note 6) The financial statements of the investee were audited by the external auditor of the parent company in Taiwan.

List of significant accounting items

Item	No. and Index
Statement of cash and cash equivalents	I.
Statement of net accounts receivable	II.
Statement of inventory	III.
Statement of changes in property, plant and equipment	Note 6.8
Statement of Changes in the Accumulated Depreciation and Accumulated Impairment of Property, Plant and Equipment	Note 6.8
Statement of other non-current assets	Note 6.10
Statement of accounts payable	IV.
Statement of other payables	V.
Statement of long-term borrowings (including those maturing in a year or one operating cycle)	Note 6.12
Statement of operating revenue	VI.
Statement of operating cost	VII.
Statement of manufacturing expenses	VIII.
Statement of operating expenses	IX.

SPEC Products Corp.

I. Statement of cash and cash equivalents

December 31, 2024

(In Thousands of NTD, Unless Stated Otherwise)

Item	Summary	Total	Remarks
Cash		69	1. USD exchange
Petty cash		305	The exchange rate of NTD
Subtotal		374	1:32.735
Bank demand deposit		264,997	2. GBP exchange rate
Foreign currency demand	USD: 1,636,434.53	53,569	The exchange rate of NTD
	GBP: 122,504.04	5,021	1:40.99
	RMB: \$7,684.09	34	3. RMB exchange
	EUR: 3,535,075.96	119,980	The exchange rate of NTD
	JPY: 5,144,956	1,070	1:4.453
	CAD: 9,047.52	206	4. EUR exchange
Subtotal		444,877	The exchange rate of NTD
Total		445,251	5. JPY exchange
			1:0.2079
			6. CAD exchange
			The exchange rate of NTD
			1:22.72

SPEC Products Corp.

II. Statement of net accounts receivable

December 31, 2024

(In Thousands of NTD, Unless Stated Otherwise)

Name of customer	Summary	Amount	Remarks
Company A	USD: 1,104,648.83	36,161	1. The balance of other companies did not exceed 5% of the balance of this account. 2. The exchange rate of USD against NTD is 1:32.735. 3. The allowance for losses is estimated based on the possibility of recovery.
Company B	USD: 873,951.49	28,609	
Company C	USD: 587,715.49	19,239	
Others		276,441	
Subtotal		360,450	
Less: Loss allowance		(3,514)	
Total		356,936	

SPEC Products Corp.

III. Statement of net inventory

December 31, 2024

(In Thousands of NTD, Unless Stated Otherwise)

Item	Summary	Amount		Remarks
		Cost	Market price	
Raw materials		10,622	7,172	The market price is the net realizable value.
Work in process		66,991	58,566	
Finished goods		5,844	5,443	
Commodities		106,089	98,976	
Subtotal		189,546	170,157	
Less: Allowance for inventory valuation and obsolescence losses		(19,389)		
Total		170,157		

SPEC Products Corp.

IV. Statement of accounts payable

December 31, 2024

(In Thousands of NTD, Unless Stated Otherwise)

Supplier name	Summary	Amount	Remarks
Manufacturer A		13,113	The balance of other companies did not exceed 5% of the balance of this account.
Manufacturer B		8,960	
Manufacturer C		6,404	
Manufacturer D		6,265	
Others		81,255	
Total		115,997	

SPEC Products Corp.

V. Statement of other payables

December 31, 2024

(In Thousands of NTD, Unless Stated Otherwise)

Item	Summary	Amount	Remarks
Salary payable	The main reason is that the estimated refund and commission are pending. The main reason the labor and health insurance premiums and customs duties payable.	53,252	The balance of other accounts did not exceed 5% of the balance of this account.
Estimated expenses payable		16,386	
Employee bonus payable		6,319	
Other expenses payable		17,228	
Others		3,265	
Total		96,450	

SPEC Products Corp.

VI. Statement of net operating revenue

January 1 to December 31, 2024

(In Thousands of NTD, Unless Stated Otherwise)

Item	Quantity	Amount	Remarks
Retaining products	14,527 Tons	1,901,647	
Parts and components	1,417 Tons	315,112	
Others	238 Tons	28,684	
		2,245,443	
Less: Sales returned		(2,406)	
Less: Sales discount		(23,887)	
Other operating revenue		23,903	
Total		2,243,053	

SPEC Products Corp.

VII. Statement of operating cost

January 1 to December 31, 2024

(In Thousands of NTD, Unless Stated Otherwise)

Item	Amount	Remarks
Direct raw materials		
Raw material inventory at the beginning of period	12,115	
Add: Purchase of materials for the current year	62,214	
Less: Ending raw material inventory	(10,622)	
Others	52	
Consumption in the current period	63,759	
Direct labor	20,604	
Manufacturing expenses	145,320	
Production cost	229,683	
Work-in-progress - beginning	59,219	
Add: Others	25,176	
Less: Work in process - ending	(66,991)	
Production cost of products	247,087	
Storage of finished goods at the beginning of period	9,338	
Add: Others	11,541	
Less: Others	(1,203)	
Less: Finished goods at the end of period	(5,844)	
Operating cost - self-produced	260,919	
Cost of goods purchased		
Merchandise inventory at the beginning of period	83,174	
Add: Purchase of materials for the current year	1,547,311	
Others	3	
Less: Merchandise inventory at the end of period	(106,089)	
Others	(2,618)	
Cost of purchase and sale	1,521,781	
Inventory valuation loss	1,417	
Sale of scraps	(1,940)	
Others	19,103	
Total operating cost	1,801,280	

SPEC Products Corp.

VIII. Statement of manufacturing expenses

January 1 to December 31, 2024

(In Thousands of NTD, Unless Stated Otherwise)

Item	Amount	Remarks
Indirect labor	15,119	The balance of other accounts did not exceed 5% of the balance of this account.
Packing charge	11,632	
Processing expenses	83,599	
Depreciation	9,761	
Tooling charge	12,313	
Other expenses	12,896	
Total	145,320	

SPEC Products Corp.

IX. Statement of operating expenses

January 1 to December 31, 2024

(In Thousands of NTD, Unless Stated Otherwise)

Item	Marketing expenses	Administrative expenses	R&D expenses	Expected credit impairment loss (gain)	Total	Remarks
Payroll expense	56,376	51,480	4,132	-	111,988	The balance of other accounts did not exceed 5% of the balance of this account.
Travel expenses	7,655	1,771	23	-	9,449	
Freight	24,863	15	-	-	24,878	
Depreciation	5,713	1,863	860	-	8,436	
Import/export expenses	7,780	-	-	-	7,780	
Professional service fee	1,405	8,071	227	-	9,703	
Expected credit impairment loss	-	-	-	(2,554)	(2,554)	
Other expenses	26,662	15,135	6,305	-	48,102	
Total	130,454	78,335	11,547	(2,554)	217,782	