

Stock Code: 7718

SPEC Products Corp. and its Subsidiaries
Consolidated financial statements and independent auditors' report
2025 and 2024

Company address: 9F-4, No. 358, Sec. 1, Dongmen Rd., East Dist., Tainan City
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Consolidated Financial Statements

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Statement of Consolidated Financial Statements of Affiliated Enterprises

The companies that should be included in the consolidated financial statements of affiliated companies under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and consolidated financial statements of affiliated companies" for 2025 (from January 1, 2024 to December 31, 2025) are the same as those that should be included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards (IFRS) No. 10, "Consolidated Financial Statements." In addition, the information that should be disclosed in the consolidated financial statements of affiliated companies is included in the consolidated financial statements. Consequently, the consolidated financial statements of affiliated companies will not be prepared separately.

Hereby declared.

Name: SPEC Products Corp.

Chairman: Chang Hung Chen

March 9, 2026

Independent Auditors' Report

To: SPEC Products Corp.

Auditors' opinions

We have audited the balance sheet of SPEC Products Corp. and its subsidiaries (collectively “the Group”) as of December 31, 2025 and 2024, and the consolidated 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, 2025 and 2024.

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

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 consolidated financial statements. We are independent of the Group 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 consolidated financial statements of the Group for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

The end date of export sales income

The operating revenue of the Group, NT\$2,443,169 thousand, was recognized in 2025. 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 consolidated financial statements.

Inventory valuation for obsolete and slow-moving inventories

As of December 31, 2025, the net inventory of the Group was NT\$147,198 thousand, accounting for 7% of the total assets. The financial statements of the Group were material to the Company. 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 the Group, 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 consolidated financial statements.

Responsibilities of the management and the governing body for the consolidated financial statements

The responsibility of the management is to prepare the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and to maintain the necessary internal control related to the preparation of the consolidated financial statements to ensure that the consolidated financial statements are free from material misstatement due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of the Group in continuing as a going concern, disclosing relevant matters, and using the going concern basis of accounting, unless the management intends to liquidate the Group 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 Group responsible for supervising the financial reporting process.

Responsibilities of the CPAs to audit the consolidated financial statements

The purpose of our audit of the consolidated financial statements is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated financial statement user to pay attention to relevant disclosures in the consolidated 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 Group to cease to continue as a going concern.
5. The overall presentation, structure and content of the consolidated financial statements, and whether the consolidated 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 consolidated 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 consolidated financial statements of the Group in 2025 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.

Others

We have audited the parent company only financial statements of the Company for the years ended December 31, 2025 and 2024, and an unqualified opinion report is issued by the CPAs.

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 9, 2026

SPEC Products Corp. and its Subsidiaries

Consolidated balance sheets

December 31, 2025 and 2024

Unit: NT\$ thousands

Assets			December 31, 2025		December 31, 2024	
Code	Accounting item	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4/6.1	\$488,267	23	\$496,870	25
1110	Financial assets at fair value through profit or loss - current	4/6.2	135,174	7	74,185	4
1136	Financial assets measured at amortized cost - current	4/6.3 & 6.16/8	56,484	3	2,016	-
1150	Net notes receivable	4/6.4 and 16	1,050	-	374	-
1170	Net accounts receivable	4/6.5 and 16	440,682	21	386,234	20
1200	Other receivables	4	24,953	1	20,323	1
130x	Inventory	4/6.6	147,198	7	185,821	10
1470	Other current assets	4	30,096	2	27,767	1
11xx	Total current assets		1,323,904	64	1,193,590	61
	Non-current assets					
1600	Property, plant and equipment	4/6.7/8	698,529	34	418,669	22
1755	Right-of-use assets	4/6.17	12,189	-	18,697	1
1780	Intangible assets	4	3,318	-	4,556	-
1840	Deferred income tax assets	4/6.21	14,510	1	15,605	1
1990	Other non-current assets	4/6.9/8	27,760	1	297,872	15
15xx	Total non-current assets		756,306	36	755,399	39
1xxx	Total assets		\$2,080,210	100	\$1,948,989	100

(Please refer to the notes to the consolidated financial statements.)

Chairman:

General Manager:

Accounting officer:

SPEC Products Corp. and its Subsidiaries
Consolidated balance sheets (to be Continued)
December 31, 2025 and 2024

Unit: NT\$ thousands

Liabilities and equity			December 31, 2025		December 31, 2024	
Code	Accounting item	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	4/6.10	\$139,000	7	\$60,000	3
2130	Contract liabilities	4/6.15	6,235	-	5,791	-
2150	Payable notes	4	-	-	152	-
2170	Accounts payable	4	143,046	7	118,439	6
2200	Other payables	4	83,704	4	102,542	5
2230	Current income tax liabilities	4/6.21	11,219	1	34,238	2
2280	Lease liabilities - current	4/6.17	6,194	-	8,039	-
2322	Long-term borrowings - current portion	4/6.11	36,985	2	100,110	5
2399	Other current liabilities	4	9,879	-	11,767	1
21xx	Total current liabilities		436,262	21	441,078	22
	Non-current liabilities					
2540	Long-term borrowings	4/6.11	82,250	4	173,936	9
2570	Deferred income tax liabilities	4/6.21	5,137	-	6,305	-
2580	Lease liabilities - non-current	4/6.17	6,116	-	10,757	1
25xx	Total non-current liabilities		93,503	4	190,998	10
2xxx	Total liabilities		529,765	25	632,076	32
	Equity attributable to owners of the parent company					
3110	Common stock capital	4/6.13	463,565	22	408,965	21
3200	Capital surplus	4/6.13	419,152	20	208,418	11
3300	Retained earnings	4/6.13				
3310	Legal reserve		135,991	7	111,140	6
3320	Special reserve		-	-	93	-
3350	Undistributed earnings		569,294	28	587,393	30
	Total retained earnings		705,285	35	698,626	36
3400	Other equity					
3410	Exchange differences on translation of financial statements of foreign operations	4/6.20	1,246	-	904	-
3500	Treasury stock	4/6.13	(38,803)	(2)	-	-
3xxx	Total equity		1,550,445	75	1,316,913	68
	Total liabilities and equity		\$2,080,210	100	\$1,948,989	100

(Please refer to the notes to the consolidated financial statements.)

Chairman:

General Manager:

Accounting officer:

SPEC Products Corp. and its Subsidiaries
Consolidated statements of comprehensive income
December 31, 2025 and 2024

Unit: NT\$ thousands

Code	Accounting item	Notes	2025		2024	
			Amount	%	Amount	%
4000	Operating revenue	4/6.15	\$2,443,169	100	\$2,408,468	100
5000	Operating cost	4/6.6, 12, 14, 17, 18	(2,016,050)	(83)	(1,923,742)	(80)
5900	Gross operating profit		427,119	17	484,726	20
6000	Operating expenses	6.12, 14, 17 and 18/7				
6100	Marketing expenses		(142,334)	(6)	(157,876)	(7)
6200	Administrative expenses		(80,515)	(3)	(82,139)	(3)
6300	R&D expenses		(10,483)	-	(11,547)	-
6450	Expected credit impairment loss (loss)	4/6.16	6,425	-	(3,355)	-
	Total operating expenses		(226,907)	(9)	(254,917)	(10)
6900	Operating profit		200,212	8	229,809	10
7000	Non-operating income and expenses					
7010	Other income	6.19	14,147	1	30,871	1
7020	Other gains and losses	6.19, 23	719	-	51,935	2
7050	Financial cost	6.19	(1,715)	-	(3,679)	-
	Total non-operating income and expenses		13,151	1	79,127	3
7900	Net profit before tax		213,363	9	308,936	13
7950	Income tax expense	4/6.21	(44,455)	(2)	(60,417)	(3)
8200	Net income for the period		168,908	7	248,519	10
8300	Other comprehensive income	4/6.20				
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of financial statements of foreign operations		342	-	997	-
	Other comprehensive income (loss) in the current period (net amount after tax)		342	-	997	-
8500	Total comprehensive income for the period		\$169,250	7	\$249,516	10
8600	Net profit attributable to:					
8610	Owners of the parent company		\$168,908	7	\$248,519	10
8620	Non-controlling interests		-	-	-	-
			\$168,908	7	\$248,519	10
8700	Total comprehensive income attributable to:					
8710	Owners of the parent company		\$169,250	7	\$249,516	10
8720	Non-controlling interests		-	-	-	-
			\$169,250	7	\$249,516	10
	Earnings per share (NTD)					
9750	Basic earnings per share	4/6.22	\$3.75		\$6.08	
9850	Diluted earnings per share	4/6.22	\$3.74		\$6.06	

(Please refer to the notes to the consolidated financial statements.)

Chairman:

General Manager:

Accounting officer:

SPEC Products Corp. and its Subsidiaries
Statement of changes in equity
December 31, 2025 and 2024

Unit: NT\$ thousands

Item		Equity attributable to owners of the parent company						Treasury stock	Total equity
		Common stock capital	Capital surplus	Retained earnings			Other equity items		
				Legal reserve	Special reserve	Undistributed earnings	differences on translation of financial		
Code		3110	3200	3310	3320	3350	3410	3500	3xxx
A1	Balance on January 1, 2024	\$408,965	\$208,418	\$90,234	\$-	\$482,562	\$(93)	\$-	\$1,190,086
	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>\$-</u>	<u>\$1,316,913</u>
A1	Balance on January 1, 2025	\$408,965	\$208,418	\$111,140	\$93	\$587,393	\$904	\$-	\$1,316,913
	Appropriation and distribution of 2024 earnings								
B1	Provision of legal reserve	-	-	24,851	-	(24,851)	-	-	-
B5	Common stock cash dividends	-	-	-	-	(162,249)	-	-	(162,249)
B17	Reversal of special surplus reserve	-	-	-	(93)	93	-	-	-
D1	2025 Net income for the year	-	-	-	-	168,908	-	-	168,908
D3	2025 Other comprehensive income	-	-	-	-	-	342	-	342
D5	Total comprehensive income for the period	-	-	-	-	168,908	342	-	169,250
E1	Capital increase in cash	54,600	202,593	-	-	-	-	-	257,193
N1	Share-based payment transaction	-	8,141	-	-	-	-	-	8,141
L1	Treasury stock repurchase	-	-	-	-	-	-	(38,803)	(38,803)
Z1	Balance on December 31, 2025	<u>\$463,565</u>	<u>\$419,152</u>	<u>\$135,991</u>	<u>\$-</u>	<u>\$569,294</u>	<u>\$1,246</u>	<u>\$(38,803)</u>	<u>\$1,550,445</u>

(Please refer to the notes to the consolidated financial statements.)

Chairman:

General Manager:

Accounting officer:

SPEC Products Corp. and its Subsidiaries
Consolidated statements of cash flow
December 31, 2025 and 2024

Unit: NT\$ thousands

Code	Item	2025	2024	Code	Item	2025	2024
		Amount	Amount			Amount	Amount
AAAA	Cash flow from operating activities:			BBBB	Cash flow from investing activities:		
A10000	Net profit before tax for the period	\$213,363	\$308,936	B00040	Acquisition of financial assets measured at amortized cost	(54,468)	-
A20000	Adjustments:			B00050	Disposal of financial assets measured at amortized cost	-	274,949
A20010	Income and expenses:			B00100	Acquisition of financial assets at fair value through profit or loss	(121,705)	(2,486)
A20100	Depreciation expense	27,383	22,504	B00200	Disposal of financial assets at fair value through profit or loss	53,992	8,810
A20200	Amortization expenses	1,238	1,059	B02700	Acquisition of property, plant and equipment	(297,620)	(79,344)
A20300	Expected credit impairment loss	(6,425)	3,355	B02800	Disposal of property, plant and equipment	77	-
A20400	Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(930)	(3,277)	B04500	Acquisition of intangible assets	-	(2,800)
A20900	Interest expense	1,715	3,679	B05500	Disposal of investment property	-	12,365
A21200	Interest revenue	(9,674)	(19,142)	B06700	Increase in other non-current assets	272,539	-
A21900	Share-based payment for remuneration cost	8,141	-	B06800	Decrease in other non-current assets	-	(2,126)
A22500	Losses (gains) on disposal and retirement of property, plant and equipment	(74)	89	BBBB	Net cash inflow (outflow) from investing activities	(147,185)	209,368
A22700	(Gains) on disposal of investment property	-	(2,466)				
A29900	Gain on lease modification	(28)	-	CCCC	Cash flow from financing activities:		
A30000	Changes in operating assets/liabilities: /			C00100	Increase in short-term borrowings	360,000	-
A31130	Increase in notes receivable	(676)	(68)	C00200	Decrease in short-term borrowings	(281,000)	(86,420)
A31150	(Increase) in accounts receivable	(48,023)	(51,986)	C01600	Proceeds from long-term borrowings	3,000	61,000
A31180	(Increase) Decrease in other receivables	3,024	(6,036)	C01700	Repayment of long-term borrowings	(157,811)	(155,990)
A31200	(Increase) Decrease in inventories	38,623	(32,431)	C04020	Repayment of lease principal	(8,775)	(9,408)
A31240	(Increase) Decrease in other current assets	(2,329)	17	C04500	Distribution of cash dividends	(162,249)	(122,689)
A32125	Increase in contract liabilities	444	87	C04600	Capital increase in cash	257,193	-
A32130	Decrease in notes receivable	(152)	(117)	C04900	Cost of redemption of treasury stock	(38,803)	-
A32150	Increase in accounts payable	24,607	23,659	CCCC	Net cash inflow (outflow) from financing activities	(28,445)	(313,507)
A32180	Increase (decrease) in other payables	(18,838)	5,325				
A32230	Increase (decrease) in other current liabilities	(1,888)	3,627	DDDD	Effect of exchange rate changes on cash and cash equivalents	346	984
A33000	Cash inflow from operations	229,501	256,814				
A33100	Interest received	9,674	19,142	EEEE	(Decrease) Increase in current cash and cash equivalents	(8,603)	83,091
A33300	Interest paid	(4,947)	(7,260)	E00100	Opening balance of cash and cash equivalents	496,870	413,779
A33500	Income tax paid	(67,547)	(82,450)	E00200	Closing balance of cash and cash equivalents	\$488,267	\$496,870
AAAA	Net cash inflow from operating activities	166,681	186,246				

(Please refer to the notes to the consolidated financial statements.)

Chairman:

General Manager:

Accounting officer:

SPEC Products Corp. and its Subsidiaries
Notes to the consolidated financial statements
2025 and 2024
(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 listed on the Taipei Exchange since March 18, 2025.

II. Date and procedures for approving the financial statements

The consolidated financial statements of the Company and its subsidiaries (hereinafter referred to as “the Group”) for the years ended December 31, 2025 and 2024 were approved for release after being submitted to the Board of Directors on March 9, 2026.

III. Application of new and revised standards and interpretations

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

The Group 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 standards has no significant impact on the Group.

2. As of the publication date of the financial report, the Group 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:

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

Item No.	New/amended/revised standards and interpretations	Effective date announced by IASB
1	IFRS 17 "Insurance Contracts"	January 1, 2023
2	Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	January 1, 2026
3	IFRS Annual Improvements - Volume 11	January 1, 2026
4	Contracts related to natural power (Amendments to IFRS 9 and IFRS 7)	January 1, 2026

(1) 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 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.

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

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

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.

(3) IFRS Annual Improvements - Volume 11

(a) Amendments to IFRS 1

This is mainly due to amendments to the explanation of hedge accounting applicable to first-time adopters of this standard, which align it with IFRS 9.

(b) Amendments to IFRS 7

This amendment updates the cross-reference for benefits or losses on derecognition.

(c) Implementation Guidance on the amendments to IFRS 7

This amendment improves some of the wording in the implementation guidance, including the preamble, disclosure of deferred fair value and transaction price differences, and credit risk disclosure.

(d) Amendments to IFRS 9

This amendment adds a cross-index to address lessee concerns about the derecognition of lease liabilities and to clarify transaction prices.

(e) Amendments to IFRS 10

This revision removes the inconsistency between Paragraph B74 and Paragraph B73 of the Standard.

(f) Amendments to IAS 7

This amendment removes the cost method referenced in Paragraph 37 of the Standards.

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(4) Contracts Referencing Nature-dependent Electricity (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.
- (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 new and amended standards shall be applicable for fiscal years beginning after January 1, 2026. The Group evaluated that there is no significant impact.

3. As of the publication date of the financial report, the Group 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 No. 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note)
3	Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
4	Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)	January 1, 2027

(Note) On September 25, 2025, the FSC issued a press release announcing Taiwan’s adoption of IFRS 18 in 2028.

- (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”

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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 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

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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.

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

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

(4) Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)

The amendments include:

- (a) Clarify that when the reporting entity's functional currency is not that of a hyperinflationary economy, its operating results and financial position shall be translated using the closing exchange rate at the most recent balance sheet date.
- (b) In such cases, once the currency is no longer that of a highly inflationary economy, the reporting entity should not re-translate amounts from prior statements.
- (c) When both the functional and presentation currencies are in a hyperinflationary economy, the reporting entity shall account for this in accordance with paragraph 34 of IAS 29.

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 Group is assessing the potential impact to be posed by the new or revised standards or interpretations referred to in (2) and, therefore, it is impossible to estimate the impact posed by said standards or interpretations on the Group reasonably for the time being. Notwithstanding, the other new or revised standards or interpretations render no material impact on the Company.

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IV. Summary of significant accounting policies

1. Compliance Statement

The Group's consolidated financial statements for the years ended December 31, 2025 and 2024 are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the FSC.

2. Basis of preparation

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

3. Overview of consolidation

Principles for preparing consolidated financial statements

The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Particularly, the Company controls an investee if and only if it satisfies all of the following three elements:

- (1) Power over the investee (i.e. the Company has existing rights that give it the ability to direct the relevant activities).
- (2) Exposure, or rights, to variable returns from its involvement with the investee, and
- (3) Ability to use its power over the investee to affect the amount of the investor's returns.

When the Company holds, directly or indirectly, the voting rights or other similar rights less than the majority investee's, the Company evaluates whether it still holds power over the investee by taking into account all critical facts and circumstances, including:

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- (1) Contractual arrangements with the investee and others with voting rights.
- (2) Rights derived from other contractual arrangements.
- (3) Voting rights and potential voting rights.

When the facts and circumstances show changes of any or more of the three controlling elements, the Company re-evaluates whether it still holds power over the investee.

The subsidiaries have been included in the consolidated financial statements since the date of acquisition (namely, the date when the Group acquires the controlling power) in whole, until the date when the Company loses the controlling power over the subsidiaries. The fiscal period and accounting policies adopted by the subsidiaries' financial statements are consistent with those adopted by the parent company.

The balance, transactions, and unrealized internal gains and losses and dividends generated from the Group's internal transactions in the Group's internal account shall be derecognized accordingly.

If the Company doesn't lose the controlling power over the subsidiaries as a result of changes in shareholdings in the subsidiaries, the changes in equity should be treated as an equity transaction.

A subsidiary's total comprehensive income is attributed to the Company's owner and non-controlling interests, irrelevant with balance or loss generated from non-controlling interests.

If the Company loses control over the subsidiary,

- (1) it shall derecognize the subsidiary's assets (including goodwill) and liabilities;
- (2) it shall derecognize any carrying amount of the non-controlling interests;
- (3) it shall recognize the fair value of consideration for the acquisition;
- (4) it shall recognize the fair value of any retained investments;
- (5) Reclassification of items previously recognized by the parent company as other comprehensive income in the amount of current profit or loss, or directly transferred to retained earnings in accordance with other IFRSs;
- (6) The resulting difference is recognized in the current profit or loss.

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Entities in the consolidated financial statements are stated as following:

Name of Investor	Name of subsidiary	Principal business lines	Percentage of equity held	
			2025.12.31	2024.12.31
The Company	BCR INC. (hereinafter referred to as “BCR”)	Wholesale of metalware and international trade	100.00%	100.00%
BCR	Suzhou Youlian Trading Co., LTD. (hereinafter referred to as “Suzhou Youlian”)	Wholesale of fasteners and spare parts/accessories	100.00%	100.00%

4. Foreign currency transactions

The Group’s consolidated financial statements are expressed in New Taiwan dollars, the functional currency adopted by the Company. Each entity in the Group decides its own functional currency independently, and measures its financial statement based on the functional currency.

Transactions in foreign currencies conducted by each entity in the Group are retranslated at its functional currency at the foreign exchange rate prevailing at the date of transaction. 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.

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- (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.

5. Translation of financial statements in foreign currency

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.

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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.

6. 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;
- (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.

7. 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.

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8. Financial instruments

Financial assets and liabilities shall be recognized when the Group 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 Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group 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 interest on the principal amount outstanding.

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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.
- 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.

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(2) Impairment of financial assets

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

The Group 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 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 Group 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 Group measures the allowance for loss at an amount equal to lifetime expected credit losses.

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At each balance sheet date, the Group 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 Group 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 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 Group 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 Group's assets after deducting all of its liabilities. The equity instrument issued by the Group is recognized based on the acquisition price less the direct issue cost.

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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;
- 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:

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- 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

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 Group 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.

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(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.

9. 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 Group.

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.

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 Group 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.

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10. 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.

11. Property, plant and equipment

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 Group 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

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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	5~50 years
Machinery and equipment	3~8 years
Utilities equipment	6~20 years
Transportation equipment	5~8 years
Office equipment	3~15 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

The Group 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.

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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 Group 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 Group 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 Group 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 for a period of time, the Group 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 Group 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 Group 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

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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 Group estimates the stand-alone price, by maximizing the use of observable information.

Group as a lessee

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

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

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- (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 Group by the end of the lease period or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the service life of the underlying asset. Otherwise, the Group 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.

The Group 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 Group accounted for as short-term leases or leases of low value assets. The Group 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 Group 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.

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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.

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).

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15. Impairment loss on non-financial assets

The Group 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 Group 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 Group 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.

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 probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable

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estimate can be made of the amount of the obligation. Where the Group 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 Group'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 Group 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 Group 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 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.

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The credit period of the Group's sale of goods is from 7 to 120 days. When the Group 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 Group 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. Treasury stock

When the Group acquires its parent company's stock (treasury stock), it recognizes it as a reduction in equity at acquisition cost. The trading spread of treasury stocks is recognized in equity.

20. Share-based payment

The cost of share-based payment transactions between the Group 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.

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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 Group. 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.

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.

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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 Group 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.

21. 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

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.

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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 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.

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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 Group's consolidated financial statements requires the management to make judgements, estimates and assumptions that affect the reported 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.

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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 Group 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 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 Group has not committed, or future

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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 Group 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 Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties 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 Group entities are situated.

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

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VI. Descriptions of significant accounting items

1. Cash and cash equivalents

	2025.12.31	2024.12.31
Cash on hand and petty cash	\$434	\$440
Demand deposits	456,453	496,430
Time deposits	31,380	-
Total	<u>\$488,267</u>	<u>\$496,870</u>

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

	2025.12.31	2024.12.31
Financial liabilities at fair value through profit or loss:		
Financial derivatives without hedging relationship designated		
Structured products	\$15,171	\$-
Stocks	27,580	11,820
Bonds	92,423	54,840
Funds	-	7,525
Total	<u>\$135,174</u>	<u>\$74,185</u>
Current	<u>\$135,174</u>	<u>\$74,185</u>

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

3. Financial assets measured at amortized cost

	2025.12.31	2024.12.31
Bank Deposit - Reserve account	\$-	\$2,016
Time deposits	56,484	-
Total	<u>\$56,484</u>	<u>\$2,016</u>
Current	<u>\$56,484</u>	<u>\$2,016</u>

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The Group classifies partial financial assets as financial assets measured at amortized cost. For relevant information on loss allowance, please refer to Note 6.16. 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

	2025.12.31	2024.12.31
Notes receivable	\$1,050	\$374
Less: Loss allowance	-	-
Total	<u>\$1,050</u>	<u>\$374</u>

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

For the information about the Group's evaluation on impairment and loss allowance under IFRS 9, please refer to Note 6.16. For the information about credit risk, please refer to Note 12.

5. Accounts receivable

	2025.12.31	2024.12.31
Accounts receivable	\$445,324	\$397,301
Less: Loss allowance	(4,642)	(11,067)
Total	<u>\$440,682</u>	<u>\$386,234</u>

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

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The credit period of the Group's sale to customers usually ranges from 7 to 120 days. The total carrying amount as of December 31, 2025 and 2024 was NT\$445,324 thousand and NT\$397,301 thousand, respectively. For the information on the allowance for losses in 2025 and 2024, please refer to Note 6.16. For the information on credit risk, please refer to Note 12.

6. Inventories

	2025.12.31	2024.12.31
Raw materials	\$10,279	\$7,172
Work in process	50,507	66,418
Finished goods	8,905	6,565
Commodities	77,507	105,666
Total	<u>\$147,198</u>	<u>\$185,821</u>

The Group's cost of goods sold recognized for 2025 and 2024 was NT\$2,016,050 thousand and NT\$1,923,742 thousand, respectively, including inventory write-downs of NT\$7,584 thousand and NT\$1,492 thousand for 2025 and 2024, respectively.

The aforementioned inventories have not been provided as collateral.

7. Property, plant and equipment

	2025.12.31	2024.12.31
Property, plant and equipment for own use	<u>\$698,529</u>	<u>\$418,669</u>

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	Land	Buildings and structures	Machinery and equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
Original cost:									
2025.1.1	\$164,748	\$57,086	\$86,799	\$10,339	\$3,725	\$7,433	\$6,382	\$156,018	\$492,530
Addition	250,207	7,315	16,630	7,904	-	889	4,860	9,815	297,620
Disposition	-	-	(9,573)	-	(695)	(192)	(889)	-	(11,349)
Transfer	-	149,533	-	12,452	-	-	3,950	(165,935)	-
Other changes	-	-	-	-	-	-	520	285	805
Effect of exchange rate changes	-	-	-	-	-	8	-	-	8
2025.12.31	<u>\$414,955</u>	<u>\$213,934</u>	<u>\$93,856</u>	<u>\$30,695</u>	<u>\$3,030</u>	<u>\$8,138</u>	<u>\$14,823</u>	<u>\$183</u>	<u>\$779,614</u>
2024.1.1	\$164,748	\$54,612	\$61,670	\$10,339	\$2,625	\$8,938	\$6,245	\$108,012	\$417,189
Addition	-	2,474	28,158	-	1,100	129	359	47,124	79,344
Disposition	-	-	(3,029)	-	-	(1,713)	(222)	-	(4,964)
Other changes	-	-	-	-	-	-	-	882	882
Effect of exchange rate changes	-	-	-	-	-	79	-	-	79
December 31, 2024	<u>\$164,748</u>	<u>\$57,086</u>	<u>\$86,799</u>	<u>\$10,339</u>	<u>\$3,725</u>	<u>\$7,433</u>	<u>\$6,382</u>	<u>\$156,018</u>	<u>\$492,530</u>
Depreciation and impairment:									
2025.1.1	\$-	\$19,979	\$40,160	\$3,557	\$1,574	\$5,326	\$3,265	\$-	\$73,861
Depreciation	-	4,801	9,872	1,139	577	559	1,610	-	18,558
Disposition	-	-	(9,573)	-	(695)	(190)	(888)	-	(11,346)
Other changes	-	-	-	-	-	-	-	-	-
Effect of exchange rate changes	-	-	-	-	-	12	-	-	12
2025.12.31	<u>\$-</u>	<u>\$24,780</u>	<u>\$40,459</u>	<u>\$4,696</u>	<u>\$1,456</u>	<u>\$5,707</u>	<u>\$3,987</u>	<u>\$-</u>	<u>\$81,085</u>
2024.1.1	\$-	\$16,499	\$36,561	\$2,956	\$1,095	\$6,293	\$2,209	\$-	\$65,613
Depreciation	-	3,480	6,628	601	479	680	1,189	-	13,057
Disposition	-	-	(3,029)	-	-	(1,713)	(133)	-	(4,875)
Other changes	-	-	-	-	-	-	-	-	-
Effect of exchange rate changes	-	-	-	-	-	66	-	-	66
December 31, 2024	<u>\$-</u>	<u>\$19,979</u>	<u>\$40,160</u>	<u>\$3,557</u>	<u>\$1,574</u>	<u>\$5,326</u>	<u>\$3,265</u>	<u>\$-</u>	<u>\$73,861</u>
Carrying amount:									
2025.12.31	<u>\$414,955</u>	<u>\$189,154</u>	<u>\$53,397</u>	<u>\$25,999</u>	<u>\$1,574</u>	<u>\$2,431</u>	<u>\$10,836</u>	<u>\$183</u>	<u>\$698,529</u>
2024.12.31	<u>\$164,748</u>	<u>\$37,107</u>	<u>\$46,639</u>	<u>\$6,782</u>	<u>\$2,151</u>	<u>\$2,107</u>	<u>\$3,117</u>	<u>\$156,018</u>	<u>\$418,669</u>

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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	2025	2024
Recognized in property, plant and equipment and other non-current assets	\$3,232	\$3,581
Capitalized interest rate range of borrowing costs	0.98%~2.46%	0.08%~2.64%

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

8. Investment property

December 31, 2025: None.

December 31, 2024:

	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>
Depreciation and impairment:			
January 1, 2024	\$-	\$561	\$561
Current depreciation	-	40	40
Disposition	-	(601)	(601)
December 31, 2024	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>
Net carrying amount:			
December 31, 2024	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

The Group did not provide any investment properties as collateral.

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9. Other non-current assets

	2025.12.31	2024.12.31
Prepayment for land (Note 1)	\$-	\$245,490
Prepayment for equipment	7,173	9,275
Refundable deposits	9,387	35,107
Other non-current assets - others	11,200	8,000
Total	<u>\$27,760</u>	<u>\$297,872</u>

(Note 1) The Group 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.

10. Short-term borrowings

	2025.12.31	2024.12.31
Unsecured bank borrowings	\$90,000	\$35,000
Secured bank borrowings	49,000	25,000
Total	<u>\$139,000</u>	<u>\$60,000</u>
Unsecured interest rate range	1.98~1.99%	1.98~2.26%
Range of guaranteed interest rate	<u>1.86~2.19%</u>	<u>2.19%</u>

As of December 31, 2025 and 2024, the Group had unused short-term borrowing facilities amounting to NT\$1,473,420 thousand and NT\$578,000 thousand, respectively.

For the security about the secured bank borrowings, please refer to Notes 7 and 8.

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11. Long-term borrowings

The details of long-term borrowings as of December 31, 2025 and 2024 are as follows:

Creditors	December 31, 2025	Interest rate (%)	Repayment period and rules
E.SUN Bank Credit loans	\$25,875	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 installments, with the interest payable on a monthly
Taipei Fubon Bank Secured borrowings	20,011	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 Credit loans	30,000	2.46%	From January 4, 2024 to May 24, 2034, the grace period is 41 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	2,349	1.08%	From February 19, 2021 to January 17, 2026, the grace period is 39 instalments, and starting from 40 instalments, the principal shall be repaid in 21 instalments evenly, with the interest payable on a monthly basis.
Mega Bank Credit loans	14,500	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	\$119,235		
Less: current portion	(36,985)		
Total	<u>\$82,250</u>		

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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.
E.SUN Bank Credit loans	16,728	2.22%	From August 11, 2023 to August 11, 2026, the grace period is 12 months, and starting from 2nd year, the principal shall be repaid in 24 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 Credit loans	80,000	2.46%	From January 4, 2024 to May 24, 2034, the grace period is 41 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 January 17, 2026, the grace period is 39 instalments, and starting from 40 instalments, the principal shall be repaid in 21 instalments 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	<u>\$274,046</u>		
Less: current portion	<u>(100,110)</u>		
Total	<u><u>\$173,936</u></u>		

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

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12. Retirement benefit plan

Defined contribution plan

The retirement benefit plan established by the Group in accordance with the "Labor Pension Act" is a defined contribution plan. According to the Act, the Group shall make a monthly contribution of no less than 6% of the monthly wages of the employees. The Group 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 amounts of expenses for the defined contribution plan recognized by the Group in 2025 and 2024 were NT\$5,071 thousand and NT\$4,821 thousand, respectively.

13. Equity

(1) Common stock

- a. On December 23, 2024, the Company's Board of Directors resolved to carry out the cash capital increase by NT\$54,600 thousand, at the par value of NT\$10 per share and issued at a premium of NT\$48 per share, of which 819 thousand shares were reserved for employees' subscription. The fair value was NT\$9.94 per share. Meanwhile, it also resolved to set March 14, 2025 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, 2025 and 2024, the Company's authorized capital remained at NT\$800,000 thousand, with a par value of NT\$ 10 per share. The paid-in capital was NT\$463,565 thousand and NT\$408,965 thousand, respectively, and the number of issued shares was 46,356 thousand and 40,896 thousand, respectively. Each share is entitled to one voting right and the right to receive dividends.

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(2) Capital surplus

	2025.12.31	2024.12.31
Issued at premium	\$401,246	\$198,653
Reorganization	2,623	2,623
Employee share warrants	11,567	5,206
Expired employee share warrants	3,716	1,936
Total	<u>\$419,152</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) Treasury stock

As of December 31, 2025 and 2024, the Company held NT\$38,803 thousand and NT\$0 of treasury stock, respectively, representing 800 thousand and 0 shares, respectively.

As of December 31, 2025 and 2024, the Company had repurchased 800,000 shares and 0 shares of treasury stock that had not yet been distributed to employees, respectively.

According to the Securities and Exchange Act, treasury stock held by the Company may not be pledged and is not entitled to dividends or voting rights.

(4) 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:

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- 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 policy shall be prepared subject to the current and future investment environment which the Company is in, the Company's funding needs, domestic/foreign competition status and capital budget, and by taking into account the shareholders' rights and interests and the Company's long-term financial planning. The Board of Directors shall prepare the distribution proposal annually and present it at 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.

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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.

On March 9, 2026 and June 2, 2025, the Board of Directors and general shareholders' meeting, proposed and resolved the earnings appropriation and distribution for 2025 and 2024, respectively, as well as dividends per share, as follows:

	Appropriation and distribution of earnings		Dividends per share (NTD)	
	2025	2024	2025	2024
Legal reserve	\$74	\$51		
Reversal of special surplus (reserve)				
Common stock cash dividends	139	124		

For the information about estimate bases and recognized amount of the remuneration to employees and directors, please refer to Note 6.18.

14. Share-based payment plan

The Group'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.

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Cash capital increase to reserve employee stock options

On December 23, 2024, the Group's Board of Directors resolved to issue new shares for the cash capital increase. 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 March 4, 2025. A total of 5,460 thousand common shares were issued for cash capital increase, and 819 thousand shares out of them were reserved for the employees' subscription. The actual number of shares subscribed for by employees was 640 thousand shares.

As of December 31, 2025, the share-based payment plan agreed between the Group and the employees is as follows:

Type of agreement	Date of grant	Provider (Unit: Thousand)	Contract period (year)	Vesting conditions
Cash capital increase to reserve employee stock options	2025.3.4	819	-	Immediately vested

The reserved employee stock options granted by the cash capital increase of the Group on March 4, 2025 were valued using the Black-Scholes Model and the inputs adopted by the Model are stated as follows:

	<u>Remuneration plan</u>
Stock price on the date of grant	NT\$49.93
Exercise price	NT\$40
Expected volatility	27.37%
Duration	10 Days
Expected dividend yield	0.00%
Risk-free interest rate	1.00%
Fair value per unit	NT\$9.94

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	<u>2025</u>
The expenses of the Group's recognized employee share-based payment plan are as follows:	\$8,141
(all of which are equity-settled share-based payments)	<u><u> </u></u>

15. Operating revenue

	<u>2025</u>	<u>2024</u>
Revenue from contracts with customers		
Sales revenue - fasteners - electrical and mechanical products	\$2,002,843	\$1,944,608
Revenues from commodity sales - fasteners - others	417,179	438,381
Other sales income	23,147	25,479
Total	<u><u>\$2,443,169</u></u>	<u><u>\$2,408,468</u></u>

The information on the revenue from contracts with customers in 2025 and 2024 is as follows:

(1) Revenue breakdown

The components of revenue in 2025 are as follows:

	<u>Trading Operations Dept.</u>	<u>Production Operation Dept.</u>	<u>Total</u>
Sales revenue - fasteners - electrical and mechanical products	\$1,802,293	\$200,550	\$2,002,843
Revenues from commodity sales - fasteners - others	274,753	142,426	417,179
Other sales income	16,888	6,259	23,147
Total	<u><u>\$2,093,934</u></u>	<u><u>\$349,235</u></u>	<u><u>\$2,443,169</u></u>

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries
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Point in time of
revenue recognition:

Some point in time	<u>\$2,093,934</u>	<u>\$349,235</u>	<u>\$2,443,169</u>
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The components of revenue in 2024 are as follows:

	<u>Trading Operations Dept.</u>	<u>Production Operation Dept.</u>	<u>Total</u>
Sales revenue - fasteners - electrical and mechanical products	\$1,717,669	\$226,940	\$1,944,609
Revenues from commodity sales - fasteners - others	257,679	180,701	438,380
Other sales income	<u>19,646</u>	<u>5,833</u>	<u>25,479</u>
Total	<u>\$1,994,994</u>	<u>\$413,474</u>	<u>\$2,408,468</u>

Point in time of revenue
recognition:

Some point in time	<u>\$1,994,994</u>	<u>\$413,474</u>	<u>\$2,408,468</u>
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(2) Contract balance

A. Contract liabilities - current

	<u>2025.12.31</u>	<u>2024.12.31</u>	<u>2024.1.1</u>
Sale of goods	<u>\$6,235</u>	<u>\$5,791</u>	<u>\$5,704</u>

The significant changes in the balance of contract liabilities of the Group in 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Variance	<u>\$444</u>	<u>\$87</u>

The increase in the changes in contract liabilities of the Group in 2025 and 2024 is due to the partial consideration collected from the customer when signing the contract, and the Group must assume the obligation to recognize the contract liabilities for the subsequent sales of products, and the decrease is due to the

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completion of the performance obligation in this period, which is recognized as sales revenue.

16. Expected credit impairment loss

	2025	2024
Operating expenses - expected credit impairment loss		
Notes receivable	\$-	\$-
Accounts receivable	(6,425)	3,355
Total	<u><u>\$(6,425)</u></u>	<u><u>\$3,355</u></u>

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

The Group'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, 2025 and 2024, so the allowance for loss was measured based on the 12-month expected credit loss. The Group only transacts with banks and other financial institutions with good credit ratings. Therefore, no loss allowance is provided for the current period.

The Group'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, 2025 and 2024 is as follows:

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:

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December 31, 2025

	Not overdue (Note)	Overdue days				Total
		Within 90 days	91~180 days	181~360 days	More than 361 days	
Total carrying amount	\$322,365	\$118,540	\$4,603	\$5	\$861	\$446,374
	0.20%~	0.73%~	13.94%~	88.41%~		
Loss rate	1.61%	25.00%	100.00%	100.00%	0%	
Lifetime expected credit loss	(892)	(2,151)	(734)	(4)	(861)	(4,642)
Total	\$321,473	\$116,389	\$3,869	\$1	\$-	\$441,732

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

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	\$283,362	\$108,918	\$3,935	\$105	\$1,355	\$397,675
	0.00%~	0.42%~	8.73%~	56.71%~		
Loss rate	18.12%	83.58%	100.00%	100.00%	0%	
Lifetime expected credit loss	(4,307)	(4,582)	(729)	(94)	(1,355)	(11,067)
Total	\$279,055	\$104,336	\$3,206	\$11	\$-	\$386,608

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

The information on the changes in the loss allowance for the Group's notes receivable and accounts receivable for the 2025 and 2024 is as follows:

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	Notes receivable	Accounts receivable	Total
2025.1.1	\$-	\$11,067	\$11,067
Amount of reversal	-	(6,425)	(6,425)
Write-off due to irrecoverability	-	-	-
2025.12.31	<u>\$-</u>	<u>\$4,642</u>	<u>\$4,642</u>
2024.1.1	\$-	\$15,215	\$15,215
Increase	-	3,355	3,355
Write-off due to irrecoverability	-	(7,503)	(7,503)
December 31, 2024	<u>\$-</u>	<u>\$11,067</u>	<u>\$11,067</u>

17. Leases

(1) Group as a lessee

The Group 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 Group's financial position, financial performance and cash flows are stated as follows:

A. Amount recognized in the balance sheet

(a) Right-of-use assets

Carrying amount of right-of-use assets

	2025.12.31	2024.12.31
Buildings and structures	\$6,454	\$11,801
Transportation equipment	5,538	6,720
Other equipment	197	176
Total	<u>\$12,189</u>	<u>\$18,697</u>

The Group's right-of-use assets increased by NT\$8,868 thousand and NT\$9,890 thousand in 2025 and 2024, respectively.

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(b) Lease liabilities

	2025.12.31	2024.12.31
Lease liabilities	<u>\$12,310</u>	<u>\$18,796</u>
Current	\$6,194	\$8,039
Non-Current	<u>6,116</u>	<u>10,757</u>
Total	<u>\$12,310</u>	<u>\$18,796</u>

For the interest expenses of the Group's lease liabilities for 2025 and 2024, please refer to Note 19(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

	2025	2024
Buildings and structures	\$3,114	\$3,733
Transportation equipment	5,594	5,605
Other equipment	<u>117</u>	<u>69</u>
Total	<u>\$8,825</u>	<u>\$9,407</u>

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

	2025	2024
Expenses of short-term leases	<u>\$315</u>	<u>\$795</u>

D. Lessee's cash outflows related to leasing activities

The Group's total cash outflow from leases for 2025 and 2024 were NT\$9,377 thousand and NT\$10,441 thousand, respectively.

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

By function By nature	2025			2024		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expenses						
Salary expenses	\$33,440	\$123,678	\$157,118	\$38,716	\$127,884	\$166,600
Labor and national health insurance expenses	3,639	8,272	11,911	3,218	8,334	11,552
Pension expense	1,443	3,628	5,071	1,431	3,390	4,821
Remuneration to directors	-	1,886	1,886	-	2,207	2,207
Other employee benefit expenses	3,067	7,179	10,246	3,503	7,032	10,535
Depreciation expense	16,625	10,758	27,383	11,193	11,311	22,504
Amortization expenses	560	678	1,238	327	732	1,059

In accordance with the Company's Articles of Incorporation, if the Company makes a profit in a given year, it must allocate at least 1% to employee remuneration, with at least 0.5% of that amount distributed to rank-and-file employees and no more than 5% to director remuneration. 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\$4,382 thousand and NT\$1,886 thousand for 2025, respectively, which were stated into the salary expenses, and as NT\$6,319 thousand and NT\$2,207 for 2024, respectively, which were stated into the salary expenses.

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The remunerations to employees and directors distributed per resolution of the Board of Directors on March 9, 2026 were NT\$4,382 thousand and NT\$1,886 thousand. No material differences exist between the same and the amounts stated in the 2025 financial statement.

No material differences exist in the remunerations to employees and directors and supervisors distributed actually in 2024 and the amounts stated as expenses in the 2024 financial report.

19. Non-operating income and expenses

(1) Other income

	2025	2024
Dividend income	\$798	\$463
Interest revenue	9,674	19,142
Other income - others	3,675	11,266
Total	<u>\$14,147</u>	<u>\$30,871</u>

(2) Other gains and losses

	2025	2024
Gains (losses) on disposal of property, plant and equipment	\$74	\$(89)
Gains on disposal of investment property	-	2,466
Gains on net foreign currency exchange	1,340	47,577
Gains or losses on financial assets/(liabilities) at fair value through profit or loss	930	3,277
Others	(1,625)	(1,296)
Total	<u>\$719</u>	<u>\$51,935</u>

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(3) Financial cost

	2025	2024
Interest on bank borrowings	\$(1,428)	\$(3,441)
Interest on lease liabilities	(287)	(238)
Total	<u>\$(1,715)</u>	<u>\$(3,679)</u>

20. Components of other comprehensive income

The other comprehensive income of 2025 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>\$342</u>	<u>\$-</u>	<u>\$342</u>

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>

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21. Income tax

The main components of income tax expenses in 2025 and 2024 are as follows:

Income tax recognized in profit or loss

	2025	2024
Current income tax expenses (gains):		
Current income tax payable	\$42,969	\$60,435
Adjustment of the income tax in the previous year in the current period	1,559	(1,008)
Deferred income tax expenses (gains):		
Deferred income tax expenses (gains) related to origination and reversal of temporary difference	(73)	868
Others	-	122
Income tax expense	<u>\$44,455</u>	<u>\$60,417</u>

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

	2025	2024
Net profit before tax from continuing operations	<u>\$213,363</u>	<u>\$308,936</u>
Tax amount calculated based on the domestic tax rate applicable to the income of the country concerned	\$48,092	\$62,873
Income tax impact from tax-free profits	(4,745)	(1,176)
Income tax effect of deferred income tax assets and liabilities	(451)	(2,092)
Additional tax levied on the unappropriated earnings	-	1,698
Adjustment of the income tax in the previous year in the current period	1,559	(1,008)
Others	-	122
Total income tax expense recognized in profit or loss	<u>\$44,455</u>	<u>\$60,417</u>

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

2025

	Opening balance	Recognized in profit or loss	Closing balance
	<u> </u>	<u> </u>	<u> </u>
Temporary difference			
Net unrealized exchange loss	\$(4,012)	\$2,273	\$(1,739)
Unrealized provision for inventory valuation loss	3,921	1,516	5,437
Exceed the loss allowance	1,512	(1,284)	228
Unrealized sales discounts	3,542	(493)	3,049
Valuation of financial assets at fair value through profit or loss	1,608	(504)	1,104
Others	2,729	(1,435)	1,294
	<u> </u>	<u> </u>	<u> </u>
Deferred income tax benefit (expense)		\$73	
Net deferred income tax assets/(liabilities)	<u>\$9,300</u>		<u>\$9,373</u>
The information expressed on the balance sheet is as follows:			
Deferred income tax assets	<u>\$15,605</u>		<u>\$14,510</u>
Deferred income tax liabilities	<u>\$(6,305)</u>		<u>\$(5,137)</u>

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries
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2024

	Opening balance	Recognized in profit or loss	Closing balance
Temporary difference			
Net unrealized exchange loss	\$(184)	\$(3,828)	\$(4,012)
Unrealized provision for inventory valuation loss	3,622	299	3,921
Exceed the loss allowance	2,342	(830)	1,512
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	(129)	2,858	2,729
Deferred income tax benefit (expense)		\$(868)	
Net deferred income tax assets/(liabilities)	\$10,168		\$9,300
The information expressed on the balance sheet is as follows:			
Deferred income tax assets	\$12,315		\$15,605
Deferred income tax liabilities	\$(2,147)		\$(6,305)

The assessment on income tax returns

As of December 31, 2025, the assessment on the income tax returns of the Group is as follows:

	The assessment on income tax returns
the Company	Authorized until 2023
Subsidiary - BCR	Authorized until 2023

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(To be Continued)
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22. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary shareholders of the parent 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 parent company (upon reconciliation of interest on convertible corporate bonds) by the weighted average number of ordinary shares 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>2025</u>	<u>2024</u>
(1) Basic earnings per share		
Net profit attributed to ordinary shareholders of parent company (NT\$ Thousand)	<u>\$168,908</u>	<u>\$248,519</u>
Weighted average number of ordinary shares for basic earnings per share (Thousand Shares)	<u>45,019</u>	<u>40,896</u>
Basic earnings per share (NT\$)	<u>\$3.75</u>	<u>\$6.08</u>
(2) Diluted earnings per share		
Net profit attributed to ordinary shareholders of parent company (NT\$ Thousand)	<u>\$168,908</u>	<u>\$248,519</u>
Weighted average number of ordinary shares for basic earnings per share (Thousand Shares)	45,019	40,896
Dilution effect:		
Remuneration to employees - shares (thousand shares)	<u>111</u>	<u>147</u>
Weighted average number of ordinary shares after adjustment and dilution (Thousand Shares)	<u>45,130</u>	<u>41,043</u>
Diluted basic earnings per share (NT\$)	<u>\$3.74</u>	<u>\$6.06</u>

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries
(To be Continued)
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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 Group during the financial reporting period are as follows:

Name of related party and relationship

<u>Name of related party</u>	<u>Relationship with the Group</u>
Chang Hung Chen	Chairman of the Group

1. Others

On December 31, 2025 and 2024, the Group borrowed from financial institutions. According to some of the loan contracts, the Group's main management personnel provided joint guarantees.

2. Remuneration to the Group's key management

	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$39,852	\$38,250
Retirement benefit	513	540
Total	<u>\$40,365</u>	<u>\$38,790</u>

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(To be Continued)
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VIII. Pledged assets

The Group has provided the following assets as collaterals:

	<u>Carrying amount</u>		<u>Details about the secured debts</u>
	<u>2025.12.31</u>	<u>2024.12.31</u>	
Financial assets measured at amortized cost - current	\$15,690	\$2,016	Short-term borrowings
Property, plant and equipment - land	164,748	164,748	Short-term and long- term borrowings
Property, plant and equipment - buildings	167,983	27,233	Short-term and long- term borrowings
Prepayment for land (recognized in other non-current assets)		245,490	Long-term borrowings
Total	<u>\$348,421</u>	<u>\$439,487</u>	

IX. Significant Contingent Liabilities and Unrecognized Commitments

- (I) The Group has had the following important engineering contracts as of December 31, 2025:

<u>Project name</u>	<u>Contract amount (tax included)</u>	<u>Amount paid (tax included)</u>	<u>Amount outstanding (tax included)</u>
Sinji Plant Construction Contract	\$178,000	\$165,448	\$12,552

- (II) As of December 31, 2025, the Group issued promissory notes for long-term and short-term borrowings in the amount of NT\$2,067,800 thousand as the performance bond. As they were considered as contingent liabilities in nature, they were not included in the financial statements.

X. Losses Due to Major Disasters

None.

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

XI. Significant Events

None.

XII. Others

1. Categories of financial instruments

Financial assets

	2025.12.31	2024.12.31
Financial assets at fair value through profit or loss:		
Financial assets at fair value through profit or loss - -current	\$135,174	\$74,185
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	487,833	496,735
Financial assets measured at amortized cost	56,484	2,016
Notes receivable	1,050	374
Accounts receivable	440,682	386,234
Other receivables	24,953	20,323
Refundable deposits (recognized in other non-current assets)	9,388	35,107
Subtotal	1,020,390	940,789
Total	<u>\$1,155,564</u>	<u>\$1,014,974</u>

Financial liabilities

	2025.12.31	2024.12.31
Financial liabilities measured at amortized cost:		
Short-term borrowings	\$139,000	\$60,000
Accounts payables	226,750	221,133
Long-term borrowings (including the current portion)	119,235	274,046
Lease liabilities (including current and non-current)	12,310	18,796
Total	<u>\$497,295</u>	<u>\$573,975</u>

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries
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2. Financial risk management objectives and policies

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

The Group 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 Group shall comply with its financial risk management policies during its financial management activities.

3. Market risk

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

The Group'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 Group uses forward exchange contracts to manage the foreign exchange rate risk with respect to certain foreign currency payments. Considering that the management of foreign exchange

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries
(To be Continued)
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rate risk by said natural hedge and forward exchange contract does not satisfy the hedge accounting requirements, the Group waives to adopt the hedge accounting. Further, the net investment in foreign operations is considered as the strategic investment, for which the Group does not adopt any hedging policy.

The Group's foreign exchange rate risk sensitivity analysis is performed on the effect posed to the Group'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 Group'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 Group's income will decrease/increase by NT\$4,565 thousand and NT\$3,598 thousand for the years 2025 and 2024, respectively; the equity will decrease/increase by NT\$3,652 thousand and NT\$2,878 thousand, respectively.
- (2) When NTD appreciates/depreciates by 1% against EUR, the Group's profit or loss for 2025 and 2024 will decrease/ increase by NT\$1,748 thousand and NT\$2,219 thousand, respectively, and the equity will decrease/increase by NT\$1,398 thousand and NT\$1,775 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 Group's interest rate risk arises primarily from the floating rate investment, and fixed rate and floating rate loans.

The Group maintains adequate fixed rate and floating rate portfolio, in addition to interest rate swaps, to manage the interest rate risk. Notwithstanding, as such management does not satisfy the hedge accounting requirements, the Group waives to adopt the hedge accounting.

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,

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries
(To be Continued)
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when interest rate increases/decrease by 10 basis points, the Group's profit or loss for 2025 and 2024 is increased/decreased by NT\$286 thousand and NT\$162 thousand.

Equity price risk

The Group 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 Group are included in the types of assets at fair value through profit or loss. The Group 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 Group, 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 Group's profit or loss for 2025 and 2024 will be increased/decreased by NT\$276 thousand and NT\$118 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 Group 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 Group's business units manage the credit risk in accordance with the Group'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 Group's internal rating criteria, etc.. The Group also uses certain credit enhancement procedures (such as unearned sales revenue and insurance) to mitigate certain trading counterparts' credit risk.

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As of December 31, 2025 and 2024, the top ten contract assets and accounts receivable represent 32% and 39% of the Group's total accounts receivables, respectively. The credit concentration risk of the other accounts receivable is insignificant relatively.

The Group's treasury department manages the credit risk over the bank deposits, fixed-income securities and other financial instruments in accordance with the Group's policy. The Group 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 Group'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 Group'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
2025.12.31					
Borrowings	\$178,842	\$19,435	\$16,006	\$53,031	\$267,314
Accounts payables	226,750	.	.	.	226,750
Lease liabilities	6,351	3,990	1,134	1,052	12,527
2024.12.31					
Borrowings	\$164,625	\$65,699	\$22,320	\$102,161	\$354,805
Accounts payables	221,133	.	.	.	221,133
Lease liabilities	8,220	5,646	2,552	2,675	19,093

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries
(To be Continued)
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6. Reconciliation of liabilities from financing activities

2025 and 2024 reconciliations of liabilities:

	Short-term borrowings	Long-term borrowings (including the current portion)	Lease liabilities	Total liabilities from financing activities
2025.1.1	\$60,000	\$274,046	\$18,796	\$352,842
Cash flow	79,000	(154,811)	(8,775)	(84,586)
Not changes in cash				
Others	-	-	2,356	2,356
Changes in the foreign exchange rate	-	-	(67)	(67)
2025.12.31	<u>\$139,000</u>	<u>\$119,235</u>	<u>\$12,310</u>	<u>\$270,545</u>
2024.1.1	\$146,420	\$369,036	\$18,261	\$533,717
Cash flow	(86,420)	(94,990)	(9,408)	(190,818)
Not changes in cash				
Others	-	-	9,890	9,890
Changes in the foreign exchange rate	-	-	53	53
2024.12.31	<u>\$60,000</u>	<u>\$274,046</u>	<u>\$18,796</u>	<u>\$352,842</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

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries
(To be Continued)
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date. The Group 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.
- 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 Group's financial assets and financial liabilities measured at amortized cost approximate their fair values.

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries
(To be Continued)
(In Thousands of NTD, Unless Stated Otherwise)

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

Please refer to Note 12.9 for the fair value measurement hierarchy for financial instruments of the Group.

8. Derivative instruments

The information on the derivatives held by the Company as of December 31, 2025 and 2024 that do not qualify for hedge accounting and have not yet expired is as follows:

Structured products

The structured products are used to manage the exposure of some transactions, but are not designated as hedging instruments. Structured products are as follows:

2025.12.31:

Item	Contract amount	Period
Structured products	Purchased USD 500 thousand	From October 29, 2025 to October 29, 2035

December 31, 2024: There was no such incident.

For structured product transactions, the primary purpose is to hedge exchange rate risk related to net assets or net liabilities. These transactions generate corresponding cash inflows or outflows at maturity, and the Company has sufficient working capital to cover them, thus avoiding significant cash flow risk.

9. Fair value hierarchy

(1) Definition of fair value hierarchy

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:

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

2025.12.31

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets measured at fair value through profit or loss				
Stocks	\$27,580	\$-	\$-	\$27,580
Bonds	-	92,423	-	92,423
Structured products	-	15,171	-	15,171

2024.12.31

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets measured at fair value through profit or loss				
Stocks	\$11,820	\$-	\$-	\$11,820
Bonds	-	54,840	-	54,840
Funds	-	7,525	-	7,525

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

For assets and liabilities of the Group measured at repetitive fair value, there were no transfers of fair value measurement hierarchy between Level 1 and Level 2, for 2025 and 2024.

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

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

	2025.12.31			2024.12.31		
	Foreign currency	Foreign exchange rate	NTD	Foreign currency	Foreign exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$14,548	31.380	\$456,516	\$10,992	32.735	\$359,823
EUR	4,762	36.700	174,765	6,537	33.940	221,866

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 Group, it is impossible for the Group to disclose the information about exchange gains/losses on various significant assets and liabilities denominated in foreign currencies. The Group's foreign currency exchange gains were NT\$1,340 thousand and NT\$47,577 thousand in 2025 and 2024, respectively.

11. Capital management

The primary objective of the Group'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 Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain and adjust the capital structure, the Group may adjust

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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) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- (5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- (6) Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Please refer to Table 1 for details.

2. Information regarding investee companies: Please refer to Table 2.

3. 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 income (losses) of investee and recognized investment income, 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.

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries
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XIV. Department Information

For the purpose of management, the Group divides the operating units according to the performance of the decision-making and evaluation departments of the operational decision-makers, and also the following two business departments to be reported:

1. Trading Department: The Department is responsible for the trading of internal and external teeth.
2. Production and Operation Department: The Department is responsible for the manufacturing, processing, assembling, sorting and trading of external teeth products, and trading internal and external teeth products.

The management supervise the operating results of the relevant business unit, in order to decide the allocation of resources and performance assessment policy. The department's performance is assessed based on the operating income, and in the manner consistent with that applied to the operating income in the consolidated financial statements.

The inter-departmental transfer pricing is based on the similar arm's length transactions with third parties.

1. Information about the profit and loss by department:

2025

	Trading Operations Dept.	Production Operation Dept.	Reconciliation and derecognition	Total of the Group
Income				
Revenue from external customers	\$2,093,934	\$349,235	\$-	\$2,443,169
Inter-departmental revenue (Note)	57,870	99,095	(156,965)	-
Total revenue	<u>\$2,151,804</u>	<u>\$448,330</u>	<u>\$(156,965)</u>	<u>\$2,443,169</u>
Departmental profit or loss	<u>\$229,603</u>	<u>\$15,329</u>	<u>\$(31,569)</u>	<u>\$213,363</u>

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2024

	Trading Operations Dept.	Production Operation Dept.	Reconciliation and derecognition	Total of the Group
Income				
Revenue from external customers	\$1,994,994	\$413,474	\$-	\$2,408,468
Inter-departmental revenue (Note)	33,880	105,266	(139,146)	-
Total revenue	<u>\$2,028,874</u>	<u>\$518,740</u>	<u>\$(139,146)</u>	<u>\$2,408,468</u>
Departmental profit or loss	<u>\$266,446</u>	<u>\$50,498</u>	<u>\$(8,008)</u>	<u>\$308,936</u>

(Note) The inter-department revenue is derecognized on consolidation and reflected in the “Reconciliation and Derecognition.”

2. Information on products

By product	2025	2024
Fasteners - electrical machinery	\$2,002,843	\$1,944,608
Fasteners - others	417,179	438,381
Others	23,147	25,479
Total	<u>\$2,443,169</u>	<u>\$2,408,468</u>

3. Information by region:

(1) Revenue from external customers:

	2025	2024
North America	\$1,466,153	\$1,525,917
Europe	733,622	683,464
Asia/Australia/New Zealand	237,563	196,868
Others	5,831	2,219
Total	<u>\$2,443,169</u>	<u>\$2,408,468</u>

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The Group's revenue is classified according to the location of the customer.

(2) Non-current assets

	2025.12.31	2024.12.31
Asia	\$732,409	\$704,687

4. Information on major customers:

	2025	2024
Customer A	\$273,238	\$286,607
Customer B	259,143	249,992
Total	\$532,381	\$536,599

5. Information about the profit and loss by department:

	2025	2024
Information about the profit and loss of departments to be reported:	\$244,932	\$316,944
Reconciliation and derecognition:		
Derecognition of inter-segment profit or loss	(31,569)	(8,008)
Net profit before tax from continuing operations	\$213,363	\$308,936

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries (To be Continued)
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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	\$9,877	-	\$9,877	No security or pledge
	TWSE-listed stocks - KGI Financial Holding Co., Ltd.	None	Financial assets at fair value through profit or loss - current	151,500	2,613	-	2,613	No security or pledge
	TWSE-listed stocks - The Shanghai Commercial & Savings Bank, Ltd.	None	Financial assets at fair value through profit or loss - current	150,000	6,090	-	6,090	No security or pledge
	TWSE-listed stocks - HUSHAN Autoparts Inc.	None	Financial assets at fair value through profit or loss - current	100,000	9,000	-	9,000	No security or pledge
				Subtotal	\$27,580		\$27,580	

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries (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 - Cathay United AT&T Bond	None	Financial assets at fair value through profit or loss - current	200,000	\$4,043	-	\$4,043	No security or pledge
	Bonds - Cathay United PLN Bond	None	Financial assets at fair value through profit or loss - current	200,000	4,658	-	4,658	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	6,528	-	6,528	No security or pledge
	Bonds - CTBC PLN Bond	None	Financial assets at fair value through profit or loss - current	200,000	5,762	-	5,762	No security or pledge
	Bonds - Taiwan Life Subordinated Corporate Bonds by CTBC	None	Financial assets at fair value through profit or loss - current	100,000	10,098	-	10,098	No security or pledge
	Bonds - USD-denominated bonds by Shanghai Nomura Holdings	None	Financial assets at fair value through profit or loss - current	1,380	4,281	-	4,281	No security or pledge
	Bonds - USD-denominated bonds by Societe Generale China	None	Financial assets at fair value through profit or loss - current	1,500	4,653	-	4,653	No security or pledge
	Bonds - Shanghai Collective Fund Management Account	None	Financial assets at fair value through profit or loss - current	200,000	6,942	-	6,942	No security or pledge
	Bonds - 2025 Unsecured Cumulative Subordinated Corporate Bonds of Nan Shan Life Insurance by E.SUN Commercial Ban	None	Financial assets at fair value through profit or loss - current	300,000	29,838	-	29,838	No security or pledge
	Bonds - Yuanta Goldman Sachs Finance Overseas USD Corporate Bond	None	Financial assets at fair value through profit or loss - current	5,000	15,620	-	15,620	No security or pledge
				Subtotal	\$92,423		\$92,423	

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries (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	Structured products - USD buyback full-range interest products	None	Financial assets at fair value through profit or loss - current	5,000	\$15,171	-	\$15,171	No security or pledge
				Subtotal	\$15,171		\$15,171	
				Total	\$135,174		\$135,174	

(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 Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries (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) (to be continued)

Name of Investor	Name of Investee	Location	Main business items	Original investment amount		Held at end of period			Investee profit (loss) for the current 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%	\$92,698	\$26,043	\$22,927	(Note)

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

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries (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	\$7,087 (CNY 1,585 thousand)	(III) BCR (Note 4)	\$17,165 (USD 547 thousand)			\$17,165 (USD 547 thousand)	\$5,526	100.00%	\$5,526	\$37,476	-	(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)
\$17,165 (USD547 thousand) (Note 3)	\$17,165 (USD547 thousand) (Note 3)	\$930,120

(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 4.471 at the end of December 2025.

The USD to NTD exchange rate in the Table is based on the exchange rate of 31.38 at the end of December 2025.

(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.

Notes to the Consolidated Financial Statements of SPEC Products Corp. and its Subsidiaries (To be Continued)
(All amounts are in NTD thousand or in thousands of foreign currency)

Table 4

Business relationship between the parent and the subsidiaries and significant transactions between them

No. (Note 1)	Name of the trader	Trading counterpart	Relationship with the counterparty (Note 2)	Transaction details			
				Accounting title	Amount	Trading terms and conditions	As a percentage of consolidated total operating revenue or total assets (Note 3)
0	the Company	Suzhou Youlian	1	Purchases (net)	47,348	No comparable general terms and conditions available	1.94%

(Note 1) Where the parent company and its subsidiaries do business with each other, information shall be stated separately in the "No." column and numbered as follows:

1. "0" for parent company.
2. Each subsidiary is numbered sequentially starting from 1.

(Note 2) There are three types of relationship with the counterparty:

1. Parent company to subsidiary
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

(Note 3) For assets and liabilities, the percentage of transaction amount to the consolidated total operating revenue or total assets is shown as the percentage of the balance, ending to the consolidated total assets. For income, it shall be shown as the percentage of accumulated amount in the consolidated total operating revenue.