

**MAKALOT INDUSTRIAL CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of MAKALOT INDUSTRIAL CO., LTD. as of and for the year ended December 31, 2025 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, MAKALOT INDUSTRIAL CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: MAKALOT INDUSTRIAL CO., LTD.

Chairman: Frank Chou

Date: March 11, 2026



安侯建業聯合會計師事務所

KPMG

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Independent Auditors' Report

To the Board of Directors of Makalot Industrial Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Makalot Industrial Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), 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 accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretations developed by the international Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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 provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

Please refer to Note 4(o) "Revenue recognition" and Note 6(q) "Revenue from contracts with the customers" to the consolidated financial statements..

Description of key audit matter

The Group is primarily involved in the manufacturing and processing of garments. Revenue recognition is the main concern of the users of the financial statements. Therefore, we determined that the revenue recognition is a key audit matter.

How the matter was addressed in our audit

Our principal audit procedures included: understanding the design and effectiveness of the Group's internal controls on revenue recognition; assessing whether the revenue recognition was performed in accordance with the Group's policy; performing trend and comparison analysis on revenue from major clients to assess the significant exceptions; performing sales cut-off test of a period before and after the reporting date by vouching relevant documents of sales transactions to determine whether sales transactions have been appropriately recognized.

2. Derecognition of financial assets

Please refer to Note 4(g) "Financial assets" and Note 6(c) "Factoring and derecognition of accounts receivable" to the consolidated financial statements.

Description of key audit matter

The Group factored its accounts receivable to certain financial institutions to manage its credit risk on accounts receivable. The judgments on derecognition of financial assets involved particular accounting treatments. Therefore, we determined that the derecognition of financial asset is a key audit matter.

How the matter was addressed in our audit

Our principal audit procedures included: understanding the internal controls of the Group applied in factoring its accounts receivable; reviewing the factoring agreements with banks; assessing whether the factoring of accounts receivable was performed in accordance with the Group's policy; assessing whether the disclosure of factoring transactions was appropriate, including performing the confirmation procedure.

3. Inventory valuation

Please refer to Note 4(h) "Inventories", Note 5(b) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and Note 6(d) "Inventory" of the consolidated financial statements.

Description of key audit matter

The inventories of the Group are measured at the lower of cost and net realizable value. Since the amount of inventories has significant impact on the financial statements of the Group and the environment in the industry changes rapidly, the cost of inventories might have a risk to exceed the net realizable value. Therefore, we determined that the assessment of inventory valuation is a key audit matter.

How the matter was addressed in our audit

Our principal audit procedures included: understanding the Group's inventory management policies, such as the policy of management and valuation of inventories; assessing whether the inventory management and valuation were performed in accordance with the Group's policy; performing sampling procedures to understand the net realizable values used by management and prices in a period after the reporting date to ensure the appropriateness of the valuation; sampling and inspecting the accuracy of the inventory aging report; assessing whether the disclosure of provision for inventory valuation and obsolescence was appropriate at the reporting date.

Other Matter

We did not audit the financial statements of certain subsidiaries of the Group. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the subsidiaries, is based solely on the report of other auditors. The financial statements of the subsidiaries audited by other auditors reflected the total assets constituting 3% of the consolidated total assets as of December 31, 2024, and the net revenue constituting 0% of the consolidated total net revenue for the year then ended.

We did not audit the financial statements of certain investments, which represented investments accounted for using equity method of the Group. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included below, is based solely on the reports of other auditors. The investments accounted for using equity method audited by other auditors constituted 1% of the consolidated total assets as of December 31, 2024, and the related shares of profit or loss of associates accounted for using equity method constituted 1% of the profit before income tax for the year then ended.

Makalot Industrial Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2025 and 2024, on which we have expressed an unqualified opinion with other matters paragraph.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including audit committees) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, 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 components within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yu, Chi-Lung and Lin, Heng-Shen.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2026

Notes to Readers

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

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars)

		December 31, 2025		December 31, 2024				December 31, 2025		December 31, 2024	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (notes 6(a)(t))	\$ 2,624,188	11	2,899,706	12	2100	Short-term borrowings (notes 6(j)(t) and 8)	\$ 1,300,353	6	1,220,912	5
1110	Current financial assets at fair value through profit or loss (notes 6(b)(t))	206,198	1	202,680	1	2120	Current financial liabilities at fair value through profit or loss (notes 6(b)(t))	1,222	-	-	-
1170	Notes and accounts receivable, net (notes 6(c)(q)(t))	899,191	4	829,009	3	2151	Notes payable (note 6(t))	53	-	-	-
1310	Inventories, manufacturing (note 6(d))	5,034,259	21	5,702,144	25	2170	Accounts payable (note 6(t))	2,069,639	9	2,114,918	9
1476	Other financial assets-current (notes 6(c)(t) and 7)	6,749,772	28	6,061,336	26	2180	Accounts payable to related parties (notes 6(t) and 7)	94,552	-	160,953	1
1479	Other current assets-others (note 6(i))	<u>391,326</u>	<u>2</u>	<u>398,412</u>	<u>2</u>	2200	Other payables (note 6(t))	3,330,237	14	3,181,981	14
		<u>15,904,934</u>	<u>67</u>	<u>16,093,287</u>	<u>69</u>	2230	Current tax liabilities	964,102	4	622,736	3
Non-current assets:						2251	Current provisions for employee benefits (note 6(m))	69,257	-	69,367	-
1550	Investments accounted for using equity method (note 6(e))	345,676	1	315,243	1	2259	Other short-term provisions (note 6(k))	507,461	2	470,049	2
1600	Property, plant and equipment (notes 6(f) and 8)	5,977,918	25	5,815,278	25	2280	Current lease liabilities (notes 6(l)(t)(w))	141,877	1	114,293	-
1755	Right-of-use assets (notes 6(g)(w))	1,251,993	5	352,210	2	2399	Other current liabilities-others	<u>85,939</u>	<u>-</u>	<u>63,550</u>	<u>-</u>
1821	Other intangible assets, net (note 6(h))	24,587	-	22,422	-			<u>8,564,692</u>	<u>36</u>	<u>8,018,759</u>	<u>34</u>
1840	Deferred tax assets (note 6(n))	129,320	1	132,536	1	Non-Current liabilities:					
1900	Other non-current assets (notes 6(i), (t), 8 and 9)	<u>269,984</u>	<u>1</u>	<u>467,275</u>	<u>2</u>	2570	Deferred tax liabilities (note 6(n))	26,582	-	28,082	-
		7,999,478	33	7,104,964	31	2580	Non-current lease liabilities (notes 6(l)(t)(w))	922,322	4	165,733	1
						2640	Net defined benefit liability—non-current (note 6(m))	193,150	1	191,665	1
						2670	Other non-current liabilities-others	<u>23,513</u>	<u>-</u>	<u>25,185</u>	<u>-</u>
								<u>1,165,567</u>	<u>5</u>	<u>410,665</u>	<u>2</u>
								<u>9,730,259</u>	<u>41</u>	<u>8,429,424</u>	<u>36</u>
						Total liabilities					
						Equity (note 6(o))					
						3110	Ordinary share	2,466,937	10	2,466,937	11
						3200	Capital surplus	6,166,333	26	6,166,333	27
						3300	Retained earnings	5,349,754	22	5,706,320	25
						3410	Exchange differences on translation of foreign financial statements	<u>61,908</u>	<u>-</u>	<u>303,977</u>	<u>1</u>
							Total equity attributable to owners of parent	<u>14,044,932</u>	<u>58</u>	<u>14,643,567</u>	<u>64</u>
						36XX	Non-controlling interests	<u>129,221</u>	<u>1</u>	<u>125,260</u>	<u>-</u>
							Total equity	<u>14,174,153</u>	<u>59</u>	<u>14,768,827</u>	<u>64</u>
Total assets		<u>\$ 23,904,412</u>	<u>100</u>	<u>23,198,251</u>	<u>100</u>	Total liabilities and equity		<u>\$ 23,904,412</u>	<u>100</u>	<u>23,198,251</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the years ended December 31, 2025 and 2024****(Expressed in thousands of New Taiwan Dollars , except for earnings per share)**

		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue, net (note 6(q))	\$ 34,428,057	100	35,523,576	100
5000	Operating costs (notes 6(d), (l), (m), 7 and 12)	<u>25,864,239</u>	<u>75</u>	<u>26,532,489</u>	<u>75</u>
	Gross profit from operations	<u>8,563,818</u>	<u>25</u>	<u>8,991,087</u>	<u>25</u>
	Operating expenses (notes (l), (m), (r), 7 and 12):				
6100	Selling expenses	2,022,835	6	1,945,497	5
6200	Administrative expenses	1,859,347	5	1,754,512	5
6450	Impairment loss (reversal of impairment loss) in accordance with IFRS 9	<u>1,134</u>	<u>-</u>	<u>(8,532)</u>	<u>-</u>
	Total operating expenses	<u>3,883,316</u>	<u>11</u>	<u>3,691,477</u>	<u>10</u>
	Net operating income	<u>4,680,502</u>	<u>14</u>	<u>5,299,610</u>	<u>15</u>
	Non-operating income and expenses:				
7100	Interest income (note 6(s))	82,866	-	99,888	-
7010	Other income (notes 6(s) and 7)	42,168	-	43,943	-
7020	Other gains and losses (notes 6(s)(t))	57,134	-	130,631	1
7050	Finance costs (notes 6(l)(s))	(325,289)	(1)	(372,339)	(1)
7060	Share of profit (loss) of associates accounted for using equity method	<u>54,489</u>	<u>-</u>	<u>40,800</u>	<u>-</u>
	Total non-operating income and expenses	<u>(88,632)</u>	<u>(1)</u>	<u>(57,077)</u>	<u>-</u>
7900	Profit before income tax	4,591,870	13	5,242,533	15
7950	Less: Income tax expenses (note 6(n))	<u>922,473</u>	<u>2</u>	<u>1,070,727</u>	<u>3</u>
	Profit	<u>3,669,397</u>	<u>11</u>	<u>4,171,806</u>	<u>12</u>
8300	Other comprehensive income:				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans	1,506	-	53,546	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>398</u>	<u>-</u>	<u>11,798</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>1,108</u>	<u>-</u>	<u>41,748</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(241,983)	(1)	328,146	1
8399	Income tax related to components of other comprehensive income that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that may be reclassified subsequently to profit or loss	<u>(241,983)</u>	<u>(1)</u>	<u>328,146</u>	<u>1</u>
8300	Other comprehensive income	<u>(240,875)</u>	<u>(1)</u>	<u>369,894</u>	<u>1</u>
	Comprehensive income	<u>\$ 3,428,522</u>	<u>10</u>	<u>4,541,700</u>	<u>13</u>
	Profit attributable to:				
8610	Owners of parent	\$ 3,614,095	11	4,114,920	12
8620	Non-controlling interests	<u>55,302</u>	<u>-</u>	<u>56,886</u>	<u>-</u>
		<u>\$ 3,669,397</u>	<u>11</u>	<u>4,171,806</u>	<u>12</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 3,373,134	10	4,483,729	13
8720	Non-controlling interests	<u>55,388</u>	<u>-</u>	<u>57,971</u>	<u>-</u>
		<u>\$ 3,428,522</u>	<u>10</u>	<u>4,541,700</u>	<u>13</u>
	Earnings per share (note 6(p))				
9750	Basic earnings per share (in dollars)	<u>\$ 14.65</u>		<u>16.68</u>	
9850	Diluted earnings per share (in dollars)	<u>\$ 14.59</u>		<u>16.61</u>	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2025 and 2024****(Expressed in thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent									
	Retained earnings						Other equity			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2024	\$ 2,418,566	6,214,704	2,845,412	1,204	4,362,480	7,209,096	(23,084)	15,819,282	107,557	15,926,839
Profit	-	-	-	-	4,114,920	4,114,920	-	4,114,920	56,886	4,171,806
Other comprehensive income	-	-	-	-	41,748	41,748	327,061	368,809	1,085	369,894
Total comprehensive income	-	-	-	-	4,156,668	4,156,668	327,061	4,483,729	57,971	4,541,700
Appropriation and distribution of retained earnings:										
Reversal of special reserve	-	-	-	(1,204)	1,204	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(5,659,444)	(5,659,444)	-	(5,659,444)	-	(5,659,444)
Stock dividends from capital surplus	48,371	(48,371)	-	-	-	-	-	-	-	-
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(40,268)	(40,268)
Balance at December 31, 2024	2,466,937	6,166,333	2,845,412	-	2,860,908	5,706,320	303,977	14,643,567	125,260	14,768,827
Profit	-	-	-	-	3,614,095	3,614,095	-	3,614,095	55,302	3,669,397
Other comprehensive income	-	-	-	-	1,108	1,108	(242,069)	(240,961)	86	(240,875)
Total comprehensive income	-	-	-	-	3,615,203	3,615,203	(242,069)	3,373,134	55,388	3,428,522
Appropriation and distribution of retained earnings:										
Special reserve	-	-	-	309,437	(309,437)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,971,769)	(3,971,769)	-	(3,971,769)	-	(3,971,769)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(51,427)	(51,427)
Balance at December 31, 2025	\$ 2,466,937	6,166,333	2,845,412	309,437	2,194,905	5,349,754	61,908	14,044,932	129,221	14,174,153

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2025 and 2024****(Expressed in thousands of New Taiwan Dollars)**

	2025	2024
Cash flows from operating activities:		
Profit before tax	\$ 4,591,870	5,242,533
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	601,296	551,538
Amortization expense	6,678	13,572
Expected credit impairment loss (reversal of impairment loss)	1,134	(8,532)
Net loss on financial assets or liabilities at fair value through profit or loss	23,062	37,157
Interest expense	325,289	372,339
Interest income	(82,866)	(99,888)
Dividend income	(9,322)	(12,076)
Share of gains of investments accounted for using equity method	(54,489)	(40,800)
(Gain) loss on disposal of property, plant and equipment	(7,986)	349
Gain on disposal of investments	(45,502)	(55,752)
Loss on lease modification	46	-
Others	-	173
Total adjustments to reconcile profit	<u>757,340</u>	<u>758,080</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	(71,316)	706,144
Inventories	667,885	(858,815)
Other financial assets	(1,177,985)	624,891
Other operating assets	<u>19,435</u>	<u>(166,683)</u>
Total changes in operating assets	<u>(561,981)</u>	<u>305,537</u>
Changes in operating liabilities:		
Notes payable	53	-
Accounts payable	(45,279)	62,476
Accounts payable—related parties	(66,401)	26,605
Other payables	97,734	(3,239)
Other current liabilities	22,389	(14,215)
Accrued pension liabilities	2,991	25,083
Other operating liabilities	<u>38,917</u>	<u>53,085</u>
Total changes in operating liabilities	<u>50,404</u>	<u>149,795</u>
Total changes in operating assets and liabilities	<u>(511,577)</u>	<u>455,332</u>
Total adjustments	<u>245,763</u>	<u>1,213,412</u>
Cash inflow generated from operations	4,837,633	6,455,945
Interest received	85,313	105,761
Interest paid	(298,147)	(359,589)
Income taxes paid	<u>(568,243)</u>	<u>(1,470,953)</u>
Net cash flows from operating activities	<u>4,056,556</u>	<u>4,731,164</u>
Cash flows (used in) from investing activities:		
Decrease in financial assets designated at fair value through profit or loss	20,144	27,760
Increase in long-term prepayments	(10,511)	(39,902)
Acquisition of property, plant and equipment	(707,758)	(798,940)
Proceeds from disposal of property, plant and equipment	15,540	7,708
Decrease (increase) in refundable deposits	1,841	(5,248)
Acquisition of intangible assets	(8,889)	(10,773)
Decrease in other financial assets	529,653	1,885,299
Dividends received	<u>9,754</u>	<u>111,418</u>
Net cash flows (used in) from investing activities	<u>(150,226)</u>	<u>1,177,322</u>
Cash flows used in financing activities:		
Increase (decrease) in short-term borrowings	79,441	(332,312)
Payment of lease liabilities	(140,671)	(136,953)
Cash dividends paid	(3,971,769)	(5,659,444)
Cash dividends paid to non-controlling interests	<u>(51,427)</u>	<u>(40,268)</u>
Net cash flows used in financing activities	<u>(4,084,426)</u>	<u>(6,168,977)</u>
Effect of exchange rate changes on cash and cash equivalents	(97,422)	145,971
Net decrease in cash and cash equivalents	(275,518)	(114,520)
Cash and cash equivalents at beginning of period	<u>2,899,706</u>	<u>3,014,226</u>
Cash and cash equivalents at end of period	<u><u>\$ 2,624,188</u></u>	<u><u>2,899,706</u></u>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

(1) Company history

Makalot Industrial Co., Ltd. (the Company) was incorporated on January 10, 1990 and registered with the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 8F, No.550, Sec. 4 Zhongxiao E. Rd., Taipei City. The Company and its subsidiaries (the Group) is primarily involved in the manufacturing and processing of garments.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were authorized for issuance by the Board of Directors on March 11, 2026.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS21 "Lack of Exchangeability"

- (b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

(4) Summary of material accounting policies

The accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language consolidated financial statements, the Chinese version shall prevail.

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (altogether referred to as “IFRS Accounting Standards” endorsed by the “FSC”).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value; and
- 2) The defined benefit liability (assets) are measured at the fair value of the plan assets less the present value of the defined benefit obligation.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in consolidated financial statements from the date that control commences until the date that control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Profits or losses applicable to the non-controlling interests in a subsidiary are allocated to the owners of the parent and to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Principal activity	Ownership %		Note
			December 31, 2025	December 31, 2024	
The Company	Global Trading Int'l Corp. (Global)	Investment holding	100.00 %	100.00 %	
The Company	Leader Garments Corp. (Leader PH)	Manufacture of garments	99.99 %	99.99 %	
The Company	Diamond Apparel Mfg., Inc. (Diamond)	Manufacture of garments	99.99 %	99.99 %	
The Company	Primeline Fashion, Inc. (Primeline)	Manufacture of garments	99.99 %	99.99 %	
The Company	Fortune Star Investment Limited (Fortune Star)	Investment holding	100.00 %	100.00 %	
The Company	Triple Int'l Corp. (Triple)	Investment holding	100.00 %	100.00 %	
The Company	Ecolot Textile Co., Ltd. (Ecolot)	Trade services	61.65 %	61.65 %	
The Company	Great Time Global Co., Ltd. (Great Time)	Manufacture and sales of garments	100.00 %	100.00 %	
The Company	Glida Athletics Co., Ltd. (Glida)	Manufacture and sales of garments	100.00 %	100.00 %	
The Company	Makalot EL Salvador SA DE CV (Makalot Salvador)	Manufacture of garments	99.50 %	99.50 %	
Global	PT Glory Industrial Semarang (PT Glory)	Manufacture of garments	95.00 %	95.00 %	

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal activity	Ownership %		Note
			December 31, 2025	December 31, 2024	
Global	Makalot Garments (Cambodia) Co., Ltd. (Makalot Cambodia)	Manufacture of garments	100.00 %	100.00 %	
Global	Makalot Garments (Vietnam) Co., Ltd. (Makalot Vietnam)	Manufacture of garments	100.00 %	100.00 %	
Global	PT Starlight Garment Semarang (PT Starlight)	Manufacture of garments	5.00 %	5.00 %	
Global	Makalot Bangladesh Ltd. (Makalot Bangladesh)	Manufacture of garments	95.00 %	95.00 %	
Global	Mstar Service Co., Ltd. (M-Star)	Administrative service	100.00 %	100.00 %	
Fortune Star	Wintop Industrial Limited (Wintop)	Investment holding	100.00 %	100.00 %	
Fortune Star	Crown Era Industrial Limited (Crown Era)	Investment holding	100.00 %	100.00 %	
Fortune Star	Crownway International Development Limited (Crownway)	Investment holding	100.00 %	100.00 %	
Fortune Star	PT Starlight Garment Semarang (PT Starlight)	Manufacture of garments	95.00 %	95.00 %	
Fortune Star	PT Glory Industrial Semarang (PT Glory)	Manufacture of garments	5.00 %	5.00 %	
Triple	Moha Garments Co., Ltd. (Moha)	Manufacture of garments	100.00 %	100.00 %	
Triple	Triple Garment (Vietnam) Co., Limited (Triple Vietnam)	Manufacture of garments	100.00 %	100.00 %	
Triple	Makalot Bangladesh Ltd. (Makalot Bangladesh)	Manufacture of garments	5.00 %	5.00 %	
Triple	Leader Garment (Vietnam) Co., Ltd. (Leader Vietnam)	Manufacture of garments	100.00 %	100.00 %	
Crownway	Jiaxing Rising Garments Co., Limited (CJY)	Manufacture of garments	100.00 %	100.00 %	
Wintop	Shanghai Makalot Garments Co., Limited (CMK)	Manufacture of garments	100.00 %	100.00 %	
Wintop	Makalot EL Salvador SA DE CV (Makalot Salvador)	Manufacture of garments	0.50 %	0.50 %	
Crown Era	Jiaxing Suntex Garemnts Co., Limited (CMZ)	Manufacture of garments	100.00 %	100.00 %	
Ecolot	Top Shiny Industrial Limited (Top Shiny)	Investment holding	100.00 %	100.00 %	
Top Shiny	Eco-lot Textile Co., Ltd. (CBS)	Trade service	100.00 %	100.00 %	

(iii) List of subsidiaries which are not included in the consolidated financial statements: None.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to the functional currency at the average exchange rate of the reporting periods. Exchange, differences arising on retranslated are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(f) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivables, other receivables, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4) **Derecognition of financial assets**

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases.

Gains losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interest in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its shares of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- | | |
|-------------------------------|---------------|
| 1) Buildings | 5 to 51 years |
| 2) Machinery and equipment | 5 to 16 years |
| 3) Office and other equipment | 2 to 20 years |

Depreciation methods, useful lives, and residual values are reviewed at each reporting date, and adjusted if appropriate.

(k) Leases

(i) Identifying a lease

At inception of a contract, the Group assesses whether a 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.

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there are any lease modifications of lease subject, scope of the lease or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss relating to the partial or full termination of the lease.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of buildings that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(l) Intangible assets

(i) Recognition and measurement

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are 2 to 5 years.

The residual values useful lives and amortization methods are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets, and assets arising from employee benefits) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost in profit or loss.

(o) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group is involved in the manufacturing, processing and wholesaling of garments. The Group recognizes its revenue when control of the products has been transferred, when the products are delivered to the customer based on the clauses of the contract and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group offers discounts to specific customers. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated discounts. A certain proportion of sales is used to estimate the discounts and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

(ii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

- 1) the same taxable entity; or
- 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bond, employee bonus and compensation.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about the resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of asset, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of asset and liabilities within the next financial years in as follows:

(a) The loss allowance of trade receivables

The Group has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(c).

(b) Valuation of inventory

Inventories are stated at the lower of cost or net realizable value. The Group estimates the net realizable value of inventory for normal waste, obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. For the estimation of the valuation of inventory, please refer to note 6(d).

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash	\$ 3,914	5,549
Checking accounts and demand deposits	1,590,274	1,306,007
Time deposits	1,030,000	1,588,150
	<u>\$ 2,624,188</u>	<u>2,899,706</u>

Please refer to Note 6(t) for the sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities at fair value through profit or loss

	December 31, 2025	December 31, 2024
Mandatorily measured at fair value through profit or loss :		
Non-derivate financial assets		
Stocks listed on domestic markets	\$ 87,505	125,278
Fund	118,693	77,402
	<u>\$ 206,198</u>	<u>202,680</u>

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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	December 31, 2025	December 31, 2024
Held-for-trading financial liabilities :		
Foreign exchange swap	\$ <u><u>1,222</u></u>	<u><u>-</u></u>

The Group holds derivative financial instruments to hedge certain foreign exchange risk the Group is exposed to, arising from its operating activities. The following derivative instruments, without the application of hedge accounting, were classified as held-for-trading financial assets and liabilities:

	December 31, 2025		
	Amount (in thousands)	Currency	Maturity dates
Foreign exchange swap	USD 63,000	USD to TWD	2026.1.2

There was no such transaction as of December 31, 2024.

(c) Notes and accounts receivable and financial assets — current

	December 31, 2025	December 31, 2024
Notes and accounts receivable — measured as amortized cost	\$ 909,948	838,632
Other financial assets — current	6,749,772	6,061,336
Less: loss allowance	<u>(10,757)</u>	<u>(9,623)</u>
	<u><u>\$ 7,648,963</u></u>	<u><u>6,890,345</u></u>

As of December 31, 2025 and 2024, other financial asset — current comprised time deposits with maturity of more than three months, amounting to \$2,056,168 thousand and \$2,532,559 thousand, respectively.

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

The loss allowance provision was determined as follows:

	December 31, 2025		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 905,612	1%~1.2%	10,707
1 to 30 days past due	3,138	1%~1.2%	38
More than 31 days past due	<u>1,198</u>	<u>1%~1.2%</u>	<u>12</u>
	<u><u>\$ 909,948</u></u>		<u><u>10,757</u></u>

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 832,595	1%~1.2%	9,556
1 to 30 days past due	3,051	1%~1.2%	37
More than 31 days past due	2,986	1%~1.2%	30
	<u>\$ 838,632</u>		<u>9,623</u>

The movement in the allowance for accounts receivable was as follows:

	For the years ended December 31	
	2025	2024
Balance on January 1	\$ 9,623	18,155
Impairment losses recognized (reversed)	1,134	(8,532)
Balance on December 31	<u>\$ 10,757</u>	<u>9,623</u>

None of the accounts receivable held by the Group were pledged or collateralized as of December 31, 2025 and 2024, respectively.

Accounts receivable of the Group had been insured accounts receivable credit risk. The insured amounts were \$366,801 thousand and \$284,154 thousand as of December 31, 2025 and 2024, respectively.

The Group entered into separate factoring agreements with different financial institutions to sell its accounts receivable. Under the agreement the Group does not have the responsibility to assume the default risk of the transferred accounts receivable within the factoring credit limit. The factored accounts receivable conform to the derecognition criteria when the ownership and the significant risks of the factored accounts receivable are transferred to the financial institutions. As of December 31, 2025 and 2024 the factored accounts receivable were \$4,580,768 thousand and \$3,374,729 thousand, respectively, and they were included in “other financial assets—current” in the accompanying balance sheets.

As of December 31, 2025 and 2024, the relevant information on derecognized accounts receivable factored was as follows:

December 31, 2025							
Factoring financial institution	Factoring credit limit	Advance amount credit limit	Factored amount (Derecognized amount)	Advance amount	Interest rate	Important derecognized provision	Collateral
CTBC Bank	USD211,600 thousand	USD180,750 thousand	\$ 3,837,579	889,565	(Note 2)	(Note 1)	None
Cathay United Bank	USD147,500 thousand	USD137,500 thousand	2,283,232	796,263	"	"	None
Standard Chartered Bank	USD 8,000 thousand	USD 8,000 thousand	66,005	-	"	"	None
Sumitomo Mitsui Bank	USD 10,000 thousand	USD - thousand	79,780	-	"	"	None
Total			<u>\$ 6,266,596</u>	<u>1,685,828</u>			

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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December 31, 2024							
Factoring financial institution	Factoring credit limit	Advance amount credit limit	Factored amount (Derecognized amount)	Advance amount	Interest rate (Note 2)	Important derecognized provision (Note 1)	Collateral
CTBC Bank	USD 196,800 thousand	USD 167,690 thousand	\$ 4,546,540	3,074,082			None
DBS Bank	USD 100,000 thousand	USD 90,000 thousand	1,913,452	286,731	"	"	Promissory note USD 90,000 thousand
Sumitomo Mitsui Bank	USD 10,000 thousand	USD 10,000 thousand	74,562	-	"	"	None
Cathay United Bank	USD 100,000 thousand	USD 90,000 thousand	587,196	448,455	"	"	Promissory note USD 1,800 thousand
Standard Chartered Bank	USD 33,000 thousand	USD 33,000 thousand	213,280	151,033	"	"	None
Total			<u>\$ 7,335,030</u>	<u>3,960,301</u>			

Note 1: According to the accounts receivable purchase agreements or the approval letters issued by the factoring financial institutions, the accounts receivable were factored without recourse. The funds are transferred to the appointed reserve accounts or directly to the factoring financial institutions.

Note 2: For the years ended December 31, 2025 and 2024, the average interest rates on factored accounts receivable were 4.00%~5.25% and 4.68%~6.05%, respectively.

(d) Inventories

	December 31, 2025	December 31, 2024
Raw materials	\$ 4,089,613	4,588,301
Work in progress	345,811	364,956
Finished goods (including merchandise)	<u>598,835</u>	<u>748,887</u>
	<u>\$ 5,034,259</u>	<u>5,702,144</u>

The write-downs of inventories amounted to \$10,062 thousand in 2025. The said amounts had been recognized as cost of sales.

The factor that caused the net realized value of the inventory to be lower than the cost disappeared resulting in a reversal of write-downs of \$1,970 thousand in 2024. The said amounts had been recognized as cost of sales.

None of the inventories held by the Group were pledged as collateral as of December 31, 2025 and 2024.

(e) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	December 31, 2025	December 31, 2024
Associates	<u>\$ 345,676</u>	<u>315,243</u>

The Group's investments in the associate companies were not listed and none of the investment accounted for using equity method held by the Group was pledged as collateral.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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The financial information on the Group's associates which was not adjusted proportionately to the ownership ratio of the Group and the proportional holding period was as follows:

	December 31, 2025	December 31, 2024
Total assets	\$ 1,553,517	1,685,813
Total liabilities	\$ 853,771	1,041,575
	2025	2024
Revenue	\$ 2,008,802	2,113,937
Net income	\$ 104,575	83,721

None of the investment under the equity method held by the Group was pledged as collateral as of December 31, 2025 and 2024.

(f) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group were as follows:

	Land	Buildings	Machinery	Office and other equipment	Construction in progress	Total
Cost :						
Balance at January 1, 2025	\$ 2,914,079	2,387,682	2,661,128	2,043,534	400,724	10,407,147
Additions	592	90,349	317,370	213,597	131,483	753,391
Disposals	-	(7,971)	(155,193)	(108,563)	-	(271,727)
Reclassification	-	276,284	-	99,432	(375,716)	-
Exchange difference on translation	(15,478)	(73,848)	(102,750)	(71,784)	(19,629)	(283,489)
Balance at December 31, 2025	\$ 2,899,193	2,672,496	2,720,555	2,176,216	136,862	10,605,322
Balance at January 1, 2024	\$ 2,878,084	2,214,210	2,370,817	1,773,816	87,681	9,324,608
Additions	13,145	63,290	233,180	191,779	300,893	802,287
Disposals	-	-	(99,131)	(30,949)	-	(130,080)
Reclassification	-	-	516	(516)	-	-
Exchange difference on translation	22,850	110,182	155,746	109,404	12,150	410,332
Balance at December 31, 2024	\$ 2,914,079	2,387,682	2,661,128	2,043,534	400,724	10,407,147
Depreciation and impairment loss:						
Balance at January 1, 2025	\$ -	942,826	2,017,716	1,631,327	-	4,591,869
Depreciation	-	126,491	181,005	153,427	-	460,923
Disposals	-	(7,971)	(150,374)	(105,828)	-	(264,173)
Reclassification	-	-	665	(665)	-	-
Exchange difference on translation	-	(21,825)	(79,420)	(59,970)	-	(161,215)
Balance at December 31, 2025	\$ -	1,039,521	1,969,592	1,618,291	-	4,627,404

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	Land	Buildings	Machinery	Office and other equipment	Construction in progress	Total
Balance at January 1, 2024,	\$ -	789,120	1,818,714	1,453,013	-	4,060,847
Depreciation	-	118,560	174,371	117,283	-	410,214
Disposals	-	(114)	(96,509)	(25,400)	-	(122,023)
Reclassification	-	-	2,189	(2,189)	-	-
Exchange difference on translation	-	35,260	118,951	88,620	-	242,831
Balance at December 31, 2024	<u>\$ -</u>	<u>942,826</u>	<u>2,017,716</u>	<u>1,631,327</u>	<u>-</u>	<u>4,591,869</u>
Carrying amounts:						
Balance at December 31, 2025	<u>\$ 2,899,193</u>	<u>1,632,975</u>	<u>750,963</u>	<u>557,925</u>	<u>136,862</u>	<u>5,977,918</u>
Balance at January 1, 2024	<u>\$ 2,878,084</u>	<u>1,425,090</u>	<u>552,103</u>	<u>320,803</u>	<u>87,681</u>	<u>5,263,761</u>
Balance at December 31, 2024	<u>\$ 2,914,079</u>	<u>1,444,856</u>	<u>643,412</u>	<u>412,207</u>	<u>400,724</u>	<u>5,815,278</u>

Please refer to Note 8 for assets pledged as collateral for loans as of December 31, 2025 and 2024.

(g) Right-of-use assets

The cost and depreciation of leased land and buildings of the Group were as follow:

	Land	Buildings	Other	Total
Cost:				
Balance at January 1, 2025	\$ 235,823	409,486	4,713	650,022
Additions	283,508	746,558	-	1,030,066
Reductions	(109,467)	(76,931)	(4,713)	(191,111)
Exchange difference on translation	(9,651)	11,428	-	1,777
Balance at December 31, 2025	<u>\$ 400,213</u>	<u>1,090,541</u>	<u>-</u>	<u>1,490,754</u>
Balance at January 1, 2024	\$ 223,256	370,638	4,713	598,607
Additions	1,077	244,339	-	245,416
Reductions	(3,201)	(228,343)	-	(231,544)
Exchange difference on translation	14,691	22,852	-	37,543
Balance at December 31, 2024	<u>\$ 235,823</u>	<u>409,486</u>	<u>4,713</u>	<u>650,022</u>
Depreciation:				
Balance at January 1, 2025	\$ 111,255	181,844	4,713	297,812
Depreciation	31,052	109,321	-	140,373
Reductions	(109,467)	(74,371)	(4,713)	(188,551)
Exchange difference on translation	(5,156)	(5,717)	-	(10,873)
Balance at December 31, 2025	<u>\$ 27,684</u>	<u>211,077</u>	<u>-</u>	<u>238,761</u>
Balance at January 1, 2024	\$ 80,092	281,676	4,451	366,219
Depreciation	31,339	109,723	262	141,324
Reductions	(6,231)	(224,138)	-	(230,369)
Exchange difference on translation	6,055	14,583	-	20,638
Balance at December 31, 2024	<u>\$ 111,255</u>	<u>181,844</u>	<u>4,713</u>	<u>297,812</u>
Carrying amounts:				
Balance at December 31, 2025	<u>\$ 372,529</u>	<u>879,464</u>	<u>-</u>	<u>1,251,993</u>
Balance at January 1, 2024	<u>\$ 143,164</u>	<u>88,962</u>	<u>262</u>	<u>232,388</u>
Balance at December 31, 2024	<u>\$ 124,568</u>	<u>227,642</u>	<u>-</u>	<u>352,210</u>

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(h) Intangible assets

The movements of cost and amortization of intangible assets in 2025 and 2024 were as follows:

	<u>Intangible assets</u>
Cost:	
Balance at January 1, 2025	\$ 312,327
Additions	8,889
Exchange difference on translation	(398)
Balance at December 31, 2025	<u>\$ 320,818</u>
Balance at January 1, 2024	\$ 300,848
Additions	10,773
Exchange difference on translation	706
Balance at December 31, 2024	<u>\$ 312,327</u>
Accumulated amortization and impairment losses:	
Balance at January 1, 2025	\$ 289,905
Amortization for the year	6,678
Exchange difference on translation	(352)
Balance at December 31, 2025	<u>\$ 296,231</u>
Balance at January 1, 2024	275,861
Amortization for the year	13,572
Exchange difference on translation	472
Balance at December 31, 2024	<u>\$ 289,905</u>
Carrying amounts:	
Balance at December 31, 2025	<u>\$ 24,587</u>
Balance at January 1, 2024	<u>\$ 24,987</u>
Balance at December 31, 2024	<u>\$ 22,422</u>

Amortization expenses for the years ended December 31, 2025 and 2024, were recognized as operating expenses in the comprehensive income statements.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Other current and other non-current assets

The details of other current and other non-current assets were as follows:

	December 31, 2025	December 31, 2024
Prepayments for land and equipment	\$ 28,667	31,520
Prepaid and overpaid sales tax	222,811	261,461
Refundable deposits	104,190	106,031
Other financial assets — non-current (time deposits)	101,543	154,805
Prepayment for purchase	30,066	15,639
Long-term prepayment for rental	-	131,124
Sale tax refund receivable — current and non-current	120,262	115,044
Other	53,771	50,063
	\$ 661,310	865,687

Non-current financial assets derived from the earnings distributed by the investee companies, Loyal and Global, in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act. The funds should be deposited in the segregated foreign exchange deposit account for five years. After the expiry of the said period, the funds could be withdrawn over a period of three years according to the aforementioned regulations. The funds shall not be used for purposes other than those specified in the aforementioned regulations, nor pledged, nor provided as security, nor by any other use which reduce their value.

Please refer to Note 8 for pledged as refundable deposits.

(j) Short-term borrowings

The details of short-term borrowings were as follows:

	December 31, 2025	December 31, 2024
Unsecured bank loans	\$ 1,300,353	1,220,912
Unused facilities	\$ 10,615,353	13,227,684
Range of interest rates	4.05%~5.75%	4.80%~6.64%

Please refer to Note 8 for assets pledged as collateral for loans.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Provisions

	Provisions
Balance at January 1, 2025	\$ 470,049
Provisions made during the year	39,183
Exchange difference on translation	(1,771)
Balance at December 31, 2025	<u>\$ 507,461</u>
Balance at January 1, 2024	\$ 451,582
Provisions made during the year	8,540
Exchange difference on translation	9,927
Balance at December 31, 2024	<u>\$ 470,049</u>

Provisions mainly are accrued for abnormal losses from operation and others.

(l) Lease liabilities

The Group's lease liabilities were as follows:

	December 31, 2025	December 31, 2024
Current	<u>\$ 141,877</u>	<u>114,293</u>
Non-current	<u>\$ 922,322</u>	<u>165,733</u>

For the maturity analysis, please refer to Note 6(t).

The amounts recognized in profit or loss were as follows :

	2025	2024
Interest on lease liabilities	<u>\$ 23,283</u>	<u>12,394</u>
Expenses relating to short-term leases	<u>\$ 44,286</u>	<u>28,420</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 2,986</u>	<u>5,467</u>

The amounts recognized in the statement of cash flows in financing activities for the Group was as follows:

	For the years ended December 31	
	2025	2024
Total cash outflow for leases	\$ 140,671	136,953

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Real estate leases

The Group leases land and buildings for its office, factory facilities and warehouses. The leases of land typically run for 3 to 45 years, and of buildings for 2 to 20 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices.

Some leases of office buildings contain extension options exercisable by the Group before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options are exercisable only by the Group and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(m) Employee benefits

(i) Defined benefit plans

The present value of defined benefit obligations and the fair value of plan assets were as follows:

	December 31, 2025	December 31, 2024
Present value of the defined benefit obligations	\$ (250,930)	(243,515)
Fair value of plan assets	57,780	51,850
Net defined benefit liabilities assets	<u><u>\$ (193,150)</u></u>	<u><u>(191,665)</u></u>

The employee benefits liabilities of the Group was as follows:

	December 31, 2025	December 31, 2024
Employee paid leave liabilities	<u><u>\$ 69,257</u></u>	<u><u>69,367</u></u>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. The plan (covered by the Labor Standards Law) entitles a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of the plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$57,079 thousand as of December 31, 2025. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations were as follows

The movements in present value of the defined benefit obligations for the Group were as follows:

	2025	2024
Defined benefit obligations on January 1	\$ 243,515	267,762
Current service costs and interest (including curtailment gains)	29,406	28,655
Remeasurement of net defined benefit obligations	1,858	(49,794)
Benefits paid	(12,529)	(7,396)
Exchange difference on translation and others	(11,320)	4,288
Defined benefit obligations on December 31	\$ 250,930	243,515

3) Movements in fair value of the plan asset

The movements in the present value of the defined plan assets for the Group were as follows:

	2025	2024
Fair value of plan assets on January 1	\$ 51,850	47,634
Remeasurement of defined plan assets	3,364	3,752
Contribution to the plan	10,139	2,427
Benefits paid by plan assets	(8,451)	(2,791)
Return of plan assets	963	782
Exchange difference on translation	(85)	46
Fair value of plan assets on December 31	\$ 57,780	51,850

4) Expense recognized in profit or loss

Expense recognized in profit or loss for the years ended December 31, 2025 and 2024, were as follows:

	2025	2024
Service cost (including curtailment gains)	\$ 18,880	16,180
Interest on net defined benefit obligations	9,563	11,693
	\$ 28,443	27,873

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- 5) Remeasurement of net defined benefit liability recognized immediately in other comprehensive income

The Group's remeasurement of the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2025 and 2024, was as follows:

	<u>2025</u>	<u>2024</u>
Actuarial losses or (gains)	\$ 1,858	(49,794)
Return on plan assets	(3,364)	(3,752)
Net (gain) loss	<u>\$ (1,506)</u>	<u>(53,546)</u>

- 6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

The rate applied in calculating the present value of defined benefit obligations for the years ended December 31, 2025 and 2024.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate	1.75%~6.95%	2.00%~7.04%
Future salary changes	3.0%~7.0%	3.0%~7.0%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$186 thousand.

The weighted average lifetime of the defined benefits plans is 12.13~17.38 years.

- 7) Sensitivity analysis

Changes in the main actuarial assumptions that might have an impact on the present value of the defined benefit obligation for the years ended December 31, 2025 and 2024.

	<u>Effects on defined benefit obligation</u>	
	<u>Increase by 1%</u>	<u>Decrease by 1%</u>
December 31, 2025		
Discount rate	\$ (23,525)	26,998
Future salary changes	25,587	(22,794)
December 31, 2024		
Discount rate	(22,859)	26,312
Future salary changes	25,114	(22,299)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2025 and 2024.

(ii) Defined contribution plans

The Company and its subsidiaries in Taiwan allocate 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company and its subsidiaries in Taiwan allocate a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Group's pension costs under the defined contribution pension plans amounted to \$74,140 and \$70,111 thousand for the years ended December 31, 2025 and 2024, respectively.

(n) Income tax

- (i) The components of income tax for the years ended December 31, 2025 and 2024 were as follows:

	For the years ended December 31	
	2025	2024
Current income tax expense	\$ 921,155	1,072,302
Deferred income tax expense (benefit)	1,318	(1,575)
Total income tax expense	\$ 922,473	1,070,727

Reconciliation of income tax expense and income before tax was as follows:

	2025	2024
Profit before tax	\$ 4,591,870	5,242,533
Income tax based on the Company's domestic tax rate	918,374	1,048,507
Others	4,099	22,220
	\$ 922,473	1,070,727

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Deferred tax liabilities and assets

1) Unrecognized deferred tax assets and liabilities

As of December 31, 2025 and 2024, the temporary differences associated with the investments in subsidiaries were not recognized as deferred income tax assets and liabilities as the Group was able to control the timing of reversal of these temporary differences, and management believed that it was probable that the temporary differences would not reverse in the foreseeable future. The related amounts were as follows:

Unrecognized deferred tax liabilities:

	December 31, 2025	December 31, 2024
Temporary differences associated with investments in subsidiaries	\$ 16,989	8,539
Unrecognized deferred tax assets:		
	December 31, 2025	December 31, 2024
Temporary differences associated with investments in subsidiaries	\$ 94,179	68,432
Tax losses	2,727	1,467
	\$ 96,906	69,899

Net losses filed by the Group or approved by the tax authority could be used to reduce the taxable income in current and future years. As of December 31, 2025, the expiration years for the deferred tax assets arising from the carry forward of unused tax losses incurred by the Group were as follows:

Expiration year	Remaining deductible losses
2025	\$ 4,472
2026	2,446
2028	6,718
	\$ 13,636

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Recognized deferred tax assets and liabilities

Chnges in the amount of deferred tax assets and liabilities for 2025 and 2024 were as follows:

	Defined benefit plan	Provision and others	Total
Deferred tax assets			
January 1,2024	\$ 69,638	83,790	153,428
(Dedit) credit to profit/loss	8,320	(17,414)	(9,094)
Credit to other comprehensive income	(11,798)	-	(11,798)
December 31,2024	\$ 66,160	66,376	132,536
January 1,2025	\$ 66,160	66,376	132,536
(Dedit) credit to profit/loss	(19,260)	16,442	(2,818)
Credit to other comprehensive income	(398)	-	(398)
December 31,2025	\$ 46,502	82,818	129,320
	Unrealized exchange gain	Gain on investments and others	Total
Deferred tax liabilities:			
January 1,2024	\$ -	38,751	38,751
(Dedit) credit to profit/loss	7,226	(17,895)	(10,669)
December 31,2024	\$ 7,226	20,856	28,082
January 1,2025	\$ 7,226	20,856	28,082
(Dedit) credit to profit/loss	(2,712)	1,212	(1,500)
December 31,2025	\$ 4,514	22,068	26,582

(iii) Assessment of income tax

The Company's income tax returns of the year through 2023 were assessed by the Taipei National tax Administration.

(iv) Global minimum top-up tax

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred. Please refer to Note 4(q) for accounting policies.

The Group operates in Vietnam, Indonesia and Hong Kong, which has enacted new legislation to implement the global minimum top-up tax. No current income tax expense related to the top-up tax was recognized for the year ended December 31, 2025.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Capital and other equity

(i) Ordinary shares

On June 28, 2024, the Company's general meeting of shareholders approved transferring capital surplus to 48,371 thousand ordinary shares with par value of \$10 per share, amounting to \$4,837 thousand. The capital increase, with the base date on September 20, 2024, has been approved by the FSC. The relevant statutory registration procedures have since been completed.

As of December 31, 2025 and 2024, the authorized capital of the Company both amounted to \$3,000,000 thousand, consisting of 300,000 thousand shares, with par value of \$10 per share, and the issued capital both consisted of 246,694 thousand shares. All proceeds from the shares issued have been collected.

The movements in outstanding shares for the years ended December 31, 2025 and 2024 were as follows:

	Ordinary share (thousand shares)	
	2025	2024
Beginning balance at January 1	246,694	241,857
Capitalizing of capital surplus	-	4,837
Ending balance at December 31	246,694	246,694

(ii) Capital surplus

The components of capital surplus were as follows:

	December 31, 2025	December 31, 2024
Paid-in capital in excess of par value	\$ 6,092,864	6,092,864
Capital surplus—premium from combination	593	593
Expired stock options	43,951	43,951
Gain or loss on disposal of subsidiaries	4,914	4,914
Adjustments to share of changes in equity of subsidiaries	24,011	24,011
	\$ 6,166,333	6,166,333

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Retained earnings and dividend policy

According to the Company's articles of incorporation which is revised on June 28, 2024, the Company's earnings distribution or loss compensation may be conducted at the end of each half-financial year, and if the earnings distribution is paid in cash, it shall be approved by the Board of Directors according to the provisions of Article 228-1 and Article 240-5 of the Company Act and shall be reported to the shareholders' meeting without the need to submit it to the shareholders' meeting for recognition. When distributing earnings, the Company shall first estimate and retain the tax payable, offset the accumulated losses, allocate the remuneration of employees and directors during the distribution period, and 10% of the legal reserve, unless the legal reserve has reached the amount of paid-in capital of the Company. In addition, in accordance with the provisions of Article 41 of the Securities and Exchange Law, the special reserve shall be allocated or reversed. After the Company has allocated or reversed the special reserve, the balance along with the unappropriated retained earnings from previous years would be considered by the Board of Directors. Then the Board of Directors shall take into account the Company's working capital, financial structure, current year's earnings, balanced and stable distribution of dividends, and other factors before preparing an earnings distribution proposal. If it is distributed as new shares, it shall be distributed after resolution by the shareholders' meeting.

The Company is in the stable growth stage, and the types of dividends will be appropriately issued in the form of stock dividends or cash dividends depending on the future capital demand and the degree of equity dilution, of which cash dividends shall not be less than 10% of the total dividends in principle.

According to the Company Act and regulation of the Ministry of Economic Affairs, the Company should set aside 10% of the profit before income tax plus items other than profit before income tax added to current year's unappropriated earnings, as legal reserve, until it is equal to the Company's total capital amount. When the Company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

The Company's Board of Directors has resolved to distribute the first and second half of 2025 and the first and second half of 2024 earnings. The relevant dividend distributions and cash dividends per share to the shareholders were as follows:

	The second half of 2025	The first half of 2025	The second half of 2024	The first half of 2024
Board of Directors resolution date	March 11, 2026	July 31, 2025	March 12, 2025	August 2, 2024
Cash dividends	\$ 2,220,243	1,480,162	2,491,607	1,692,996
Cash dividends per share (in dollars)	\$ 9.0	6.0	10.1	7.0

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Earnings per share

(i) Basic earnings per share

The basic earnings per share for the years ended December 31, 2025 and 2024, were calculated on the basis of profit attributable to ordinary shareholders and the weighted-average number of outstanding ordinary shares. Calculations were as follows:

1) Profit attributable to ordinary shareholders

	2025	2024
Profit attributable to ordinary shareholders	<u>\$ 3,614,095</u>	<u>4,114,920</u>

2) Weighted-average number of outstanding ordinary shares

	2025	2024
Number of outstanding ordinary shares on January 1	<u>246,694</u>	<u>241,857</u>
Effect of capitalizing capital surplus	<u>-</u>	<u>4,837</u>
Weighted-average number of outstanding ordinary shares on December 31	<u>246,694</u>	<u>246,694</u>

(ii) Diluted earnings per share

The diluted earnings per share for the years ended December 31, 2025 and 2024, were calculated on the basis of profit attributable to ordinary shareholders and the weighted-average number of outstanding ordinary shares, with all potential ordinary shares retroactively adjusted. Calculations were as follows:

1) Profit attributable to ordinary shareholders (diluted)

	2025	2024
Profit attributable to ordinary shareholders (basic)	<u>\$ 3,614,095</u>	<u>4,114,920</u>
Profit attributable to ordinary shareholders (diluted)	<u>\$ 3,614,095</u>	<u>4,114,920</u>

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Weighted-average number of outstanding ordinary shares (diluted)

	<u>2025</u>	<u>2024</u>
Weighted-average number of outstanding ordinary shares (basic)	246,694	246,694
Effect of employee stock dividends	<u>1,061</u>	<u>1,076</u>
Weighted-average number of outstanding ordinary shares on December 31 (diluted)	<u><u>247,755</u></u>	<u><u>247,770</u></u>

(q) Revenue from contracts with the customers

(i) Disaggregation of revenue

<u>For the year ended December 31, 2025</u>			
	<u>Selling and manufacturing of garments</u>	<u>Other segments</u>	<u>Total</u>
Primary geographical markets:			
American region	\$ 24,971,203	88,789	25,059,992
Others	<u>8,546,204</u>	<u>821,861</u>	<u>9,368,065</u>
	<u><u>\$ 33,517,407</u></u>	<u><u>910,650</u></u>	<u><u>34,428,057</u></u>
<u>For the year ended December 31, 2024</u>			
	<u>Selling and manufacturing of garments</u>	<u>Other segments</u>	<u>Total</u>
Primary geographical markets:			
American region	\$ 25,749,044	87,625	25,836,669
Others	<u>8,792,601</u>	<u>894,306</u>	<u>9,686,907</u>
	<u><u>\$ 34,541,645</u></u>	<u><u>981,931</u></u>	<u><u>35,523,576</u></u>

(ii) Contract balances

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Notes and accounts receivable	\$ 909,948	838,632	1,544,725
Less: allowance for impairment	<u>(10,757)</u>	<u>(9,623)</u>	<u>(18,155)</u>
	<u><u>\$ 899,191</u></u>	<u><u>829,009</u></u>	<u><u>1,526,570</u></u>

For details on accounts receivable and allowance for impairment, please refer to Note 6(c).

(iii) Transaction price allocated to the remaining performance obligations

The contract has an original expected duration of less than one year, thus the Group applies the practical expedient of IFRS 15 and does not disclose information about the transaction price allocated to the remaining performance obligations of the contract.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Employee compensation and directors' remuneration

On May 28, 2025, the Company resolved at the shareholders' meeting to amend its Articles of Incorporation. According to the amended Articles, if the Company makes a profit in the year, 1% to 8% of the profit shall be allocated for employee compensations (of which no less than 30% shall be distributed to its non-executive employees) and no more than 5% of the profit shall be allocated for compensations of the Directors. However, the Company shall reserve a part of profit to make up for accumulated losses, if any. Prior to the amendment, the Articles of Incorporation stipulated that, if the Company makes a profit in the year, 1% to 8% of the profit shall be allocated for employee compensations and no more than 5% of the profit shall be allocated for compensations of the Directors. However, the Company shall reserve a part of profit to make up for accumulated losses, if any.

For the years ended December 31, 2025 and 2024, the Company estimated its employee remuneration amounting to \$259,229 thousand and \$296,756 thousand and the directors' remuneration amounted to \$111,236 thousand and \$127,339 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding remuneration to employee and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. The remunerations were expensed under operating expenses for each period. The differences between the amounts approved in the shareholders meeting and those recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in next year.

The amounts of employees' remuneration, as estimated in consolidated financial statements, were identical to those amount approved for 2024 and 2023.

The differences between actual approved amount directors' remuneration and those estimated in the financial statements in 2024 and 2023 were as follows:

	2024			2023		
	Actual approved amount	Estimated amount in financial statement	Difference	Actual approved amount	Estimated amount in financial statement	Difference
Directors' remuneration	\$ <u>120,245</u>	<u>127,339</u>	<u>(7,094)</u>	<u>109,120</u>	<u>122,456</u>	<u>(13,336)</u>

The difference between the actual remuneration to directors and the recognized amount in 2024 and 2023 were not significant, therefore, were recognized as profit or loss in 2025 and 2024, respectively. Related information would be available on the Market Observation Post System website.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Non-operating income and expenses

(i) Interest income

The Group's interest income were as follows:

	For the years ended December 31	
	2025	2024
Interest income from bank deposits	\$ 82,866	99,888

(ii) Other income

The Group's other income were as follows:

	For the years ended December 31	
	2025	2024
Rental income	\$ 1,333	2,410
Dividend income	9,322	12,076
Others	31,513	29,457
	\$ 42,168	43,943

(iii) Other gains and losses

The Group's other gains and losses were as follows:

	For the years ended December 31	
	2025	2024
Foreign exchange (loss) gain	\$ (9,066)	114,062
Gain on disposals of investments	45,502	55,752
Net losses on financial assets at fair value through profit or loss	(21,840)	(37,157)
Net valuation loss on derivative financial assets at fair value through profit or loss	(1,222)	-
Net gains on derivative financial assets at fair value through profit or loss-realized	10,981	3,408
Gain (loss) on disposals of property, plant and equipment	7,986	(349)
Others	24,793	(5,085)
	\$ 57,134	130,631

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Finance costs

The Group's finance costs were as follows:

	For the years ended December 31	
	2025	2024
Interest expense — bank borrowings	\$ (223,576)	(268,800)
Expenses from accounts receivable factoring	(78,430)	(91,008)
Interest expense — lease	(23,283)	(12,394)
Interest expense — others	-	(137)
	<u><u>\$ (325,289)</u></u>	<u><u>(372,339)</u></u>

(t) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The Group's credit risk is impacted by each customer. For the years ended December 31, 2025 and 2024, the sales to major customers accounted for 67% and 70%, respectively. In addition, for the years ended December 31, 2025 and 2024, the sales to American region accounted for both 73%, respectively.

3) Receivables and debt securities

For credit risk exposure of accounts receivables, please refer to note 6(c).

Other financial assets at amortized cost includes other financial assets-current and time deposits, please refer to note 6(c).

The time deposits held by the group in financial institutions with investment grades or above is considered to have low credit risk.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including the estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flow	Within 6 months	6~12 months	1~2 years	2~5 years	Over 5 years
December 31, 2025							
Non-derivative financial liabilities							
Short-term borrowings	\$ 1,300,353	(1,309,190)	(1,309,190)	-	-	-	-
Accounts payable and other payables	5,494,481	(5,494,481)	(5,494,481)	-	-	-	-
Lease liabilities	1,064,199	(1,534,962)	(113,361)	(76,421)	(120,705)	(246,284)	(978,191)
Derivatives financial liabilities							
Foreign exchange swap:							
Outflow	1,222	(1,222)	(1,222)	-	-	-	-
	<u>\$ 7,860,255</u>	<u>(8,339,855)</u>	<u>(6,918,254)</u>	<u>(76,421)</u>	<u>(120,705)</u>	<u>(246,284)</u>	<u>(978,191)</u>
December 31, 2024							
Non-derivative financial liabilities							
Short-term borrowings	\$ 1,220,912	(1,227,527)	(1,227,527)	-	-	-	-
Accounts payable and other payables	5,457,852	(5,457,852)	(5,457,852)	-	-	-	-
Lease liabilities	280,026	(340,661)	(64,906)	(62,104)	(62,989)	(55,301)	(95,361)
	<u>\$ 6,958,790</u>	<u>(7,026,040)</u>	<u>(6,750,285)</u>	<u>(62,104)</u>	<u>(62,989)</u>	<u>(55,301)</u>	<u>(95,361)</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Exposure to currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2025			December 31, 2024			
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	
Financial assets							
<u>Monetary items</u>							
USD	\$	183,278	31.430	5,760,422	147,725	32.781	4,842,587
CNY		15,691	4.4936	70,507	21,667	4.4882	97,248
IDR		26,033,835	0.001880	48,938	97,079,166	0.002029	196,964
VND		170,412,225	0.001205	205,394	57,592,071	0.001298	74,766
BDT		84,244	0.258258	21,757	12,296	0.275471	3,387
<u>Non-monetary items</u>							
USD		10,998	31.430	345,676	9,617	32.781	315,243
Financial liabilities							
<u>Monetary items</u>							
USD	\$	124,293	31.430	3,906,531	127,442	32.781	4,177,664
CNY		32,402	4.4936	145,602	34,202	4.4882	153,504
IDR		118,610,760	0.001880	222,963	187,130,857	0.002029	379,671
VND		363,242,887	0.001205	437,808	256,848,228	0.001298	333,442
BDT		104,671	0.258258	27,032	1,475	0.275471	406

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans, accounts payable, and other payables. A 1% depreciation or appreciation of the TWD against the USD, CNY, IDR, VND and BDT as of December 31, 2025 and 2024, would have increased or decreased the net income before tax by \$13,671 thousand and \$1,703 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for both periods.

3) Exchanged gains or losses on monetary items

As the Company deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2025 and 2024, the foreign exchange gain (loss), including realized and unrealized, amounted to \$(9,066) thousand and \$114,062 thousand, respectively.

(iv) Interest rate analysis

The following sensitivity analysis is based on the exposure to interest rate risk for derivative and non-derivative financial instruments on the reporting date. For variable-rate liabilities, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year.

If the interest rate increase/decrease by 0.25%, the Group's net income before tax would have decreased/increased by \$3,251 thousand and \$3,052 thousand for the years ended December 31, 2025 and 2024, respectively, assuming all other variable factors had remained constant. This is mainly due to the Group's variable rate borrowing.

(v) Fair value of financial instruments

1) Fair value hierarchy

The Group's financial assets and liabilities at fair value through profit or loss were measured by fair value based on duplication. The carrying amount, fair value, and fair value hierarchy for the financial assets and financial liabilities of the Group were as followed (excluding the disclosure of financial assets and liabilities for which the book value is close to this fair value, and lease liabilities):

	December 31, 2025				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 206,198	206,198	-	-	206,198
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 2,624,188	-	-	-	-
Notes and accounts receivable	899,191	-	-	-	-
Other financial assets—current	6,749,772	-	-	-	-
Other financial assets—non-current	101,543	-	-	-	-
Subtotal	10,374,694	-	-	-	-
Refundable deposit	104,190	-	-	-	-

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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December 31, 2025					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at fair value through profit or loss:					
Derivative financial liabilities measured at fair value through profit or loss	\$ 1,222	-	1,222	-	1,222
Financial liabilities measured at amortized cost:					
Short-term borrowings	\$ 1,300,353	-	-	-	-
Accounts payable and other payables	5,494,481	-	-	-	-
Subtotal	6,794,834	-	-	-	-
December 31, 2024					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss:					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 202,680	202,680	-	-	202,680
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 2,899,706	-	-	-	-
Notes and accounts receivable	829,009	-	-	-	-
Other financial assets — current	6,061,336	-	-	-	-
Other financial assets — non-current	154,805	-	-	-	-
Subtotal	9,944,856	-	-	-	-
Refundable deposit	106,031	-	-	-	-
Financial liabilities measured at amortized cost:					
Short-term borrowings	\$ 1,220,912	-	-	-	-
Accounts payable and other payable	5,457,852	-	-	-	-
Subtotal	6,678,764	-	-	-	-

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Except for the aforementioned financial instruments, the fair value of other financial instruments is determined by using valuation techniques or the quoted price from a counterparty. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation techniques including a model using observable market data at the reporting date.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants. The fair value of a forward exchange contract is usually determined by the forward exchange rate. Measurement of the fair value of an embedded derivative financial instrument is based on an option pricing model or other valuation technique.

3) Transfer between fair value hierarchy

There were no transfers in either direction for the years ended December 31, 2025 and 2024.

(u) Financial risk management

(i) Overview

The Group is exposed to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

This note discloses information on exposure to each of the above risks and objectives, policies, and procedures for measuring and managing risk. For further quantitative information, please refer to the relevant notes to the consolidated financial statements.

(ii) Risk management framework

The board of directors of the Company is responsible for establishing and overseeing the risk management structure of the Group.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The board of directors of the Company oversees how management monitors the risks, which should be in compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation of the risks faced by the Group. The internal auditor undertakes regular reviews of the risk management controls and procedures and exception management, the results of which are reported to the board of directors.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Credit risk

Credit risk means the potential loss to the Group if the client or counterparty involved in that transaction defaults. The primary potential credit risk is from the accounts receivable and financial investments of the Group.

1) Accounts receivable and other receivables

The Group periodically reviews payment histories and financial positions of customers, insures accounts receivable credit risk, and factors part of its accounts receivable to certain financial institutions without recourse to lower the credit risk. The Group also aggressively markets to Europe and Asia to diversify the risk of concentration of customers in a certain area.

The Group establishes an impairment allowance that represents its estimate of incurred losses in respect of trade receivables, other receivables, and investment. The components of this impairment allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

2) Financial investments

The Group held its bank deposits in different financial institutions to manage the exposure to credit risk of each institution to prevent concentration risk.

As the Group deals with banks and other external parties with good credit standing, the management believes that there is no significant credit risk. In addition, the Group invests only in public companies to mitigate credit risk exposure.

3) Guarantee

The Group only provides guarantees to wholly owned subsidiaries. The Group did not provide any guarantee to companies which were not in the Group as of December 31, 2025 and 2024.

(iv) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as much as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures it has sufficient cash to fund its expected operating expenditure for a 60-day period, including financial obligation fulfillment but excluding the unexpected potential impact of extreme cases such as natural disasters. For the Group's available credit limits, please refer to note 6(j).

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Market risk

Market risk is the risk that comes from changes in market prices such as changes of foreign exchange rates, interest rates, and equity prices impacting the Group's income or the value of financial instruments held by the Group. The objective of market risk management is to manage and control market risk exposures within an acceptable range and optimize the return on investments.

1) Exchange rate risk

The Group mainly uses the USD for its sales and purchases. The overall hedge ratio is over 80%. The net foreign currency position is still exposed to exchange rate risk. The Group takes advice from professionals in banks and periodically uses foreign currency forward contracts to hedge the net foreign currency exposure, within the range of 50% to 75%, for the next six months. The Group has effectively minimized the impact of exchange gain and loss within an acceptable range.

2) Interest rate risk

The Group is exposed to interest rate risk due to its borrowings with a floating interest rate. Please refer to note 6(v)(iii) market risk for the interest rate analysis.

3) Other market risk

Except for purchase agreements to meet expected consumption and sales requirements, the Group does not enter into any other long-term purchase agreements.

(v) Capital management

To maintain investor relationships, market confidence, and future operation, the board manages working capital by periodically reviewing the financial structure, and optimizes the liability and equity balance to lower the finance costs.

The Group's review comprises:

- (i) The growth rate of its future sales and profit.
- (ii) The dilution impact on EPS from the growth of capital stock.
- (iii) Various types of finance costs and related risks.

The management may adjust the amounts and types of dividend payments or issue new shares or bonds in capital markets to maintain and adjust its capital structure.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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The Group's equity-to-asset ratios at the end of the reporting periods were as follows:

	December 31, 2025	December 31, 2024
Total equity	\$ 14,174,153	14,768,827
Total assets	\$ 23,904,412	23,198,251
Equity-to-asset ratio	59%	64%

There were no charges in the Group's approach to capital management as of December 31, 2025.

- (w) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the cash flow in 2025 were acquisition of right-of-use assets by leasing. Please refer to Note 6(g) and (l).

(7) Related-party transactions

- (a) Names and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Namtex Co., Ltd. (Namtex)	An associate
Makalot Humanities Development Education Foundation (Makalot Foundation)	Some Directors of the Company served as Directors of the foundation
RUEI SHAN Co., Ltd. (RUEI SHAN)	The key management of the Company controlled RUEI SHAN
AN YANG Investment Co., Ltd. (AN YANG)	The key management of the Company controlled AN YANG
YI CHANG YANG Investment Co., Ltd. (YI CHANG YANG)	The key management of the Company controlled YI CHANG YANG
JU WEN Investment Co., Ltd. (JU WEN)	The key management of the Company controlled JU WEN

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Significant transactions with related parties

(i) Purchasing

The amounts of significant purchases by the Group from related parties were as follows:

	For the years ended December 31	
	2025	2024
Associates	\$ <u>884,605</u>	<u>919,407</u>

Purchasing prices and payment terms with associates were not significantly different from those of general purchases.

(ii) Related-party payables

<u>Account name</u>	<u>Types of related parties</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable—related parties	Associates	\$ <u>94,552</u>	<u>160,953</u>

(iii) Related-party receivables

<u>Account name</u>	<u>Types of related parties</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other financial assets—current	Associates	\$ <u>245</u>	<u>330</u>

(iv) Donations

Details of donations to related parties were as follows:

	For the years ended December 31	
	2025	2024
Associates	\$ <u>446</u>	<u>6,446</u>

(v) Rental

Details of rental income from related parties were as follows:

	For the years ended December 31	
	2025	2024
Other related parties	\$ <u>202</u>	<u>202</u>

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2025	2024
Short-term employee benefits	\$ 208,883	247,905
Post-employment benefits	99	99
	<u>\$ 208,982</u>	<u>248,004</u>

(8) Pledged assets

The Group's pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2025	December 31, 2024
Land	Security of bank loans facility	\$ 2,484,818	2,484,818
Property, plant and equipment	Security of bank loans facility	143,152	159,207
Refundable deposits	Lease deposit, etc.	104,190	106,031
		<u>\$ 2,732,160</u>	<u>2,750,056</u>

(9) Commitments and contingencies

Unrecognized significant commitments:

(a) Unused letters of credit

	December 31, 2025	December 31, 2024
Unused letters of credit	<u>\$ 370,499</u>	<u>482,442</u>

(b) The Group issued promissory notes to the banks to apply for borrowings, export bills negotiation, derivatives, and factoring of accounts receivable. The issued promissory notes were as follows:

	December 31, 2025	December 31, 2024
Issued promissory notes	<u>\$ 12,652,290</u>	<u>18,142,205</u>

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Capital Commitment:

In order to construct factory, Makalot Bangladesh signed a US\$5,000 thousand factory lease agreement, which will take effect after the construction is completed, with Bay Economic Zone Limited. As of December 31, 2025, the long-term prepayment for rental of US\$4,000 thousand has been prepaid. During this period, other non-current assets have been reclassified as right of use assets, with the remaining balance of US\$1,000 thousand that has yet to be paid as of the reporting date.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By item	For the years ended December 31					
	2025			2024		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salaries	4,747,058	2,241,177	6,988,235	5,241,998	1,969,669	7,211,667
Labor and health insurance	359,596	138,378	497,974	328,895	116,888	445,783
Pension	56,883	45,700	102,583	50,947	47,037	97,984
Directors' remuneration	-	113,080	113,080	-	129,436	129,436
Others	305,841	127,431	433,272	299,360	118,057	417,417
Depreciation	485,782	115,514	601,296	452,442	99,096	551,538
Amortization	116	6,562	6,678	193	13,379	13,572

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(13) Other disclosures

(a) Information on significant transactions:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2025:

(i) Lending to other parties :

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount of business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	PT Glory	Other receivable-related parties	Yes	1,262,907	1,196,226	1,196,226	4.75%~5.00%	1	Processing 2,856,750	None	-	None	-	2,856,750	5,617,972
0	The Company	PT Starlight	Other receivable-related parties	Yes	115,805	109,691	109,691	4.75%~5.00%	1	Processing 680,829	None	-	None	-	680,829	5,617,972
0	The Company	Makalot Cambodia	Other receivable-related parties	Yes	230,587	218,412	218,412	4.75%~5.00%	1	Processing 1,230,572	None	-	None	-	1,230,572	5,617,972
0	The Company	Moha	Other receivable-related parties	Yes	290,011	274,698	274,698	4.75%~5.00%	1	Processing 881,019	None	-	None	-	881,019	5,617,972
0	The Company	Makalot Vietnam	Other receivable-related parties	Yes	655,620	508,852	508,852	4.75%~5.25%	1	Processing 2,034,581	None	-	None	-	2,034,581	5,617,972
0	The Company	Triple Vietnam	Other receivable-related parties	Yes	82,955	78,575	78,575	4.75%~5.00%	1	Processing 563,976	None	-	None	-	563,976	5,617,972
0	The Company	Leader Vietnam	Other receivable-related parties	Yes	652,026	617,600	520,167	4.75%~5.00%	1	Processing 718,090	None	-	None	-	718,090	5,617,972
0	The Company	Makalot Salvador	Other receivable-related parties	Yes	307,299	188,579	125,719	4.75%~5.00%	2	-	Operating capital	-	None	-	2,808,986	5,617,972

Note: The ceiling on total loans granted by the Company to all parties is 40% of its net assets in the financial statements; the ceiling on the short-term financing for each entity's operating capital granted by the Company is 20% of its net assets in the financial statements; the ceiling on the loan granted by the Company to each entity which has business transactions with the Company is the transaction amount within a year. The policy for loans granted mutually between its overseas subsidiaries of which the Company directly or indirectly holds 100% of their voting shares is as follows:

The maximum total amount of loans provided by an overseas subsidiary to all overseas subsidiaries is 50% of the net assets listed in the lender's most recently audited or reviewed financial statements by an independent auditor; the limit on loans granted by an overseas subsidiary to each overseas subsidiary is 30% of the lender's net assets in the most currently financial statement audited or reviewed by independent auditors.

Note 1: Nature of financing: 1. Business transaction purpose. 2. Short-term financing purpose.

Note 2: Ending facility balance approved by BOD.

Note 3: The aforementioned transactions have been eliminated when preparing the consolidated financial statements.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Makalot Bangladesh	2	2,808,986	691,460	691,460	345,730	-	4.92 %	7,022,466	Y	N	N

Note: The ceiling on guarantees and endorsements by the Company to all parties is 50% of its net assets in the financial statements; the ceiling on guarantees and endorsements by the Company to each entity is 20% of its net assets in the financial statements.

Note 1: Relationship between guarantee provider and receiver is as follows:

- (1) The company having transactions with the counterparty.
- (2) The company holding more than 50% of common shares of the subsidiary.
- (3) The company and its subsidiaries holding more than 50% of the common shares of the investee company.
- (4) The parent company holding more than 50% of the outstanding common shares of the investee company, directly or indirectly through a subsidiary.
- (5) Companies in same type of business and providing mutual endorsement and / or guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
- (6) Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.

(iii) Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included): None.

(iv) Information regarding related-parties purchases and or sales exceeding NT\$100 million or 20% of the Company's paid-in capital:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Ecolot	Subsidiary	Purchase	333,504	2 %	45-60 days	-	-	(24,294)	1%	Note
The Company	Namtex	Investee under equity method	Purchase	450,049	3 %	45-60 days	-	-	(42)	-%	
The Company	PT Glory	Subsidiary	Processing	2,856,750	31 %	30-90 days	-	-	(215,265)	8%	Note
The Company	PT Starlight	Subsidiary	Processing	680,829	7 %	30-90 days	-	-	(2,498)	-%	Note
The Company	Makalot Cambodia	Subsidiary	Processing	1,230,572	13 %	30-90 days	-	-	(56,465)	2%	Note
The Company	Moha	Subsidiary	Processing	881,019	9 %	30-90 days	-	-	(1,789)	-%	Note
The Company	Makalot Vietnam	Subsidiary	Processing	2,034,581	22 %	30-90 days	-	-	(368,431)	13%	Note
The Company	Triple Vietnam	Subsidiary	Processing	563,976	6 %	30-90 days	-	-	(80,361)	3%	Note
The Company	Leader Vietnam	Subsidiary	Processing	718,090	8 %	30-90 days	-	-	(151,355)	5%	Note
The Company	CMK	Subsidiary	Purchase	179,754	1 %	30-90 days	-	-	(26,922)	1%	Note
The Company	CMZ	Subsidiary	Purchase	167,332	1 %	30-90 days	-	-	(27,759)	1%	Note
The Company	CJY	Subsidiary	Purchase	211,847	1 %	30-90 days	-	-	(41,330)	1%	Note
Makalot Vietnam	Namtex	Investee indirectly owned by the same parent company	Purchase	434,556	74 %	30-60 days	-	-	(94,510)	84%	

Note: The aforementioned transactions have been eliminated when preparing the consolidated financial statements.

Note 1: The mark-up price is based on the cost or re-sale price with a fixed ratio which is based on the cost and expense that the subsidiary incurred.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (v) Information regarding receivables from related parties exceeding NT\$100 million or 20% of the Company's paid-in capital:

Name of company	Related party	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period (Note 2)	Loss allowance	Note
					Amount	Action taken			
The Company	PT Glory	Subsidiary	Other receivables 1,209,010	-	-	-	- (Note 1)	-	Note
The Company	PT Starlight	Subsidiary	Other receivables 110,863	-	-	-	- (Note 1)	-	Note
The Company	Makalot Cambodia	Subsidiary	Other receivables 220,643	-	-	-	2,231 (Note 1)	-	Note
The Company	Moha	Subsidiary	Other receivables 277,504	-	-	-	2,805 (Note 1)	-	Note
The Company	Makalot Vietnam	Subsidiary	Other receivables 514,720	-	-	-	5,868 (Note 1)	-	Note
The Company	Leader Vietnam	Subsidiary	Other receivables 520,167	-	-	-	- (Note 1)	-	Note
The Company	Makalot Salvador	Subsidiary	Other receivables 126,264	-	-	-	- (Note 1)	-	Note
PT Glory	The Company	Parent company	215,265	11.23	-	-	215,265	-	Note
Makalot Vietnam	The Company	Parent company	368,431	4.36	-	-	195,585	-	Note
Leader Vietnam	The Company	Parent company	151,355	5.51	-	-	71,420	-	Note

Note: The aforementioned transactions have been eliminated when preparing the consolidated financial statements.

Note 1: The uncollected accounts receivable primarily consisted of loans.

Note 2: The amount was collected before February 10, 2026.

- (vi) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Ecolot	1	Operating cost	333,504	Based on the market price	1%
0	"	PT Glory	1	"	2,856,750	"	8%
0	"	PT Starlight	1	"	680,829	"	2%
0	"	Makalot Cambodia	1	"	1,230,572	"	4%
0	"	Moha	1	"	881,019	"	3%
0	"	Makalot Vietnam	1	"	2,034,581	"	6%
0	"	Triple Vietnam	1	"	563,976	"	2%
0	"	Leader Vietnam	1	"	718,090	"	2%
0	"	CMK	1	"	179,754	"	1%
0	"	CMZ	1	"	167,332	"	-%
0	"	CJY	1	"	211,847	"	1%
0	"	PT Glory	1	Accounts payable	215,265	30~90 days	1%
0	"	Makalot Vietnam	1	"	368,431	"	2%
0	"	Leader Vietnam	1	"	151,355	"	1%
0	"	PT Glory	1	Other non-current receivables	1,196,226	Financing	5%

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	PT Starlight	1	Other non-current receivables	109,691	Financing	-%
0	"	Makalot Cambodia	1	"	218,412	"	1%
0	"	Moha	1	"	274,698	"	1%
0	"	Makalot Vietnam	1	"	508,852	"	2%
0	"	Leader Vietnam	1	"	520,167	"	2%
1	"	Makalot Salvador	1	"	125,719	"	1%

Note 1: 0 represents the parent company. The subsidiaries start sequentially from 1 in Arabic numerals.

Note 2: The relationships between transaction parties are as follows:

- 1.parent to subsidiary
- 2.subsidiary to parent
- 3.subsidiary to subsidiary

Note 3: The aforementioned transactions have been eliminated when preparing the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the year December 31, 2025 (excluding information on investments in Mainland China):

(In thousands of New Taiwan Dollars/share)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2025			Highest ownership during the period	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value				
The Company	Global	British Virgin Islands	Investment holding	1,295,800	1,150,450	42,212	100.00 %	1,558,401	100.00 %	(29,282)	(29,613)	Subsidiary
The Company	Leader PH	Philippines	Manufacture of garments	7,281	7,281	249,995	99.99 %	11,714	99.99 %	3,567	3,567	Subsidiary
The Company	Diamond	Philippines	Manufacture of garments	-	-	149,995	99.99 %	2,977	99.99 %	(26)	(26)	Subsidiary
The Company	Primeline	Philippines	Manufacture of garments	9,945	9,945	99,995	99.99 %	52	99.99 %	(1)	(1)	Subsidiary
The Company	Fortune Star	Samoa	Investment holding	525,309	525,309	16,359,091	100.00 %	656,215	100.00 %	60,087	62,688	Subsidiary
The Company	Triple	Samoa	Investment holding	582,281	574,631	18,900,000	100.00 %	254,583	100.00 %	1,207	(841)	Subsidiary
The Company	Makalot Salvador	Salvador	Manufacture of garments	64,277	64,277	199,000	99.50 %	(21,405)	99.50 %	(70,282)	(69,931)	Subsidiary
The Company	Ecolot	Taiwan	Trade service	22,302	22,302	3,699,000	61.65 %	207,729	61.65 %	141,095	88,901	Subsidiary
The Company	Gilda	Taiwan	Manufacture and sales of garments	5,000	5,000	500,000	100.00 %	5,036	100.00 %	31	31	Subsidiary
The Company	Great Time	Taiwan	Manufacture and sales of garments	50,000	50,000	2,500,000	100.00 %	77,120	100.00 %	37,458	37,458	Subsidiary
Global	PT Glory	Indonesia	Manufacture of garments	723,023	723,023	238,640	95.00 %	894,073	95.00 %	24,302	23,086	Subsidiary
Global	PT Starlight	Indonesia	Manufacture of garments	3,645	3,645	1,050	5.00 %	7,034	5.00 %	7,312	366	Subsidiary
Global	Makalot Cambodia	Cambodia	Manufacture of garments	153,340	153,340	1,468	100.00 %	(48,259)	100.00 %	3,463	3,463	Subsidiary
Global	Makalot Vietnam	Vietnam	Manufacture of garments	315,263	315,263	-	100.00 %	483,970	100.00 %	1,453	1,453	Subsidiary

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2025			Highest ownership during the period	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value				
Global	Makalot Bangladesh	Bangladesh	Manufacture of garments	289,750	144,400	-	95.00 %	222,975	95.00 %	(60,990)	(57,940)	Subsidiary
Global	M-Star	Vietnam	Administrative service	6,500	6,500	-	100.00 %	6,647	100.00 %	251	251	Subsidiary
Triple	Moha	Cambodia	Manufacture of garments	94,524	94,524	1,000	100.00 %	(73,240)	100.00 %	5,017	5,017	Subsidiary
Triple	Triple Vietnam	Vietnam	Manufacture of garments	81,171	81,171	-	100.00 %	90,238	100.00 %	4,024	4,024	Subsidiary
Triple	Leader Vietnam	Vietnam	Manufacture of garments	238,992	238,992	-	100.00 %	233,398	100.00 %	(4,749)	(4,749)	Subsidiary (Note 2)
Triple	Makalot Bangladesh	Bangladesh	Manufacture of garments	15,250	7,600	-	5.00 %	11,736	5.00 %	(60,990)	(3,049)	Subsidiary
Fortune Star	Wintop	Hong Kong	Investment holding	278,078	278,078	9,080,000	100.00 %	386,280	100.00 %	51,981	51,981	Subsidiary
Fortune Star	Crown Era	Hong Kong	Investment holding	59,440	59,440	1,580,000	100.00 %	37,735	100.00 %	1,120	1,120	Subsidiary
Fortune Star	Crownway	Hong Kong	Investment holding	68,120	68,120	1,680,000	100.00 %	53,043	100.00 %	(1,157)	(1,157)	Subsidiary
Fortune Star	PT Starlight	Indonesia	Manufacture of garments	61,532	61,532	19,950	95.00 %	133,645	95.00 %	7,312	6,946	Subsidiary
Fortune Star	PT Glory	Indonesia	Manufacture of garments	40,217	40,217	12,560	5.00 %	47,056	5.00 %	24,302	1,215	Subsidiary
Wintop	Namtex	Vietnam	Wearings	270,979	270,979	-	50.00 %	345,676	50.00 %	104,575	54,489	The Company indirectly holds 50% of ownership
Wintop	Makalot Salvador	Salvador	Manufacture of garments	323	323	1,000	0.50 %	(108)	0.50 %	(70,282)	(351)	Subsidiary
Ecotot	Top Shiny	Hong Kong	Investment holding	14,073	14,073	450,027	100.00 %	33,460	100.00 %	2,281	2,281	Subsidiary

Note: The aforementioned transactions between the Company and subsidiaries have been eliminated when preparing the consolidated financial statements.

Note 1: Investment gain or loss recognized in the current period included sales from subsidiaries to parent company.

Note 2: Due to the adjustment of the Group's investment structure, Top Trend sold the entire shares of Leader Vietnam to Triple for \$238,992 thousand, which was disclosed in the financial statements. In light of the above transaction, the original amount invested by Top Trend in Leader Vietnam was \$390,700 thousand.

(c) Information on investment in mainland China:

- (i) The names of investees in Mainland China, the main businesses and products, and other information:

(In thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated investment paid by Taiwan as of January 1, 2025	Investment flows		Accumulated investment paid by Taiwan as of December 31, 2025	Net income (losses) of the investee	Direct/Indirect shareholding by the Company	Percentage of highest ownership	Investment income (losses)	Carrying value as of December 31, 2025	Accumulated remittance of earnings as of this year
					Outflow	Inflow							
CMK	Manufacture of garments	27,033	2	27,033	-	-	27,033	522	100.00 %	100.00 %	522	36,468	14,378
CMZ	Manufacture of garments	59,440	2	59,440	-	-	59,440	1,120	100.00 %	100.00 %	1,120	37,725	7,304
CJY	Manufacture of garments	68,120	2	68,120	-	-	68,120	(1,157)	100.00 %	100.00 %	(1,157)	53,027	-
CBS	Trade service	11,039	2	11,039	-	-	11,039	2,281	100.00 %	100.00 %	2,281	33,459	37,719

Note: There are three kinds of investments

1. Invest directly in Mainland China companies.
2. Invest in Mainland China by remitting through a third region.
3. Others.

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(ii) Upper limit on investment in Mainland China:

Accumulated investment in Mainland China as of December 31, 2025	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment
165,632	313,080	8,426,959

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(14) Segment information

(a) General information

The Group’s reportable operating segment is the selling and manufacturing of garments.

The other segments of the Group are mainly information collecting and procurement. The segments did not reach the quantitative disclosure threshold in 2025 and 2024.

(b) Information on measurement basis and reconciliation of reportable segments’ income or loss, assets, and liabilities

The Group has one reportable segment, which is one of the strategic business units of the Group. Each of the Group’s strategic business units provides different products and services. For management purposes, the Group manages its strategic business units separately according to their technologies and marketing strategies. The chief operating decision maker of the Group periodically reviews the internal management report of each strategic business unit.

The Group’s operating segment information and reconciliation are as follows:

For the years ended December 31, 2025	Selling and manufacturing of garments	Other segments	Adjustments and cancellation	Total
Revenue				
Revenue from third parties	\$ 33,517,407	910,650	-	34,428,057
Total revenue	<u>\$ 33,517,407</u>	<u>910,650</u>	<u>-</u>	<u>34,428,057</u>
Segment income or loss	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Segment total asset	(Note 1)	(Note 1)	(Note 1)	(Note 1)

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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For the years ended December 31, 2024	Selling and manufacturing of garments	Other segments	Adjustments and cancellation	Total
Revenue				
Revenue from third parties	\$ 34,541,645	981,931	-	35,523,576
Total revenue	<u>\$ 34,541,645</u>	<u>981,931</u>	<u>-</u>	<u>35,523,576</u>
Segment income or loss	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Segment total asset	(Note 1)	(Note 1)	(Note 1)	(Note 1)

Note 1: The Group discloses the amounts as zero due to the fact that the amounts of its segment income or loss and total assets were not provided to the chief operating decision maker.

(c) Products and services information

	<u>2025</u>	<u>2024</u>
Revenue from garments	\$ 33,517,407	34,541,645
Revenue from services and others	910,650	981,931
	<u>\$ 34,428,057</u>	<u>35,523,576</u>

(d) Graphical information

Revenue is based on the customer's location. However, the non-current assets are based on their location.

(i) Revenue from third parties

<u>Geographic Area</u>	<u>2025</u>	<u>2024</u>
American region	\$ 25,059,992	25,836,669
Others	9,368,065	9,686,907
Total	<u>\$ 34,428,057</u>	<u>35,523,576</u>

(ii) Other non-current assets

<u>Geographic Area</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Taiwan	\$ 2,854,298	2,875,384
Indonesia	1,677,235	1,716,392
Vietnam	1,442,611	1,102,934
Cambodia	228,008	277,965
China	42,782	42,974
Philippines	-	4,752
Bangladesh	875,898	54,573
Salvador	133,666	114,936
	<u>\$ 7,254,498</u>	<u>6,189,910</u>

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(e) Major customers

Major customers that represented at least 10% of the net revenue of the Group

Customer name	2025		2024	
	Amount	%	Amount	%
C	\$ 12,294,410	36	12,367,739	35
D	5,460,152	16	6,982,916	20
B	<u>5,283,481</u>	<u>15</u>	<u>5,378,282</u>	<u>15</u>
	<u>\$ 23,038,043</u>	<u>67</u>	<u>24,728,937</u>	<u>70</u>