Stock Code: 2916

Munsin Garment Corporation

Financial Statements and Independent Auditor's Report

2025 and 2024

Company Address: No. 18, Wuquan 6th Road, Wugu District, New Taipei City

TEL: (02)2299-7755

The independent auditors’ report and the accompanying individual financial statements are an 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 individual financial statements, the Chinese version shall prevail.

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Independent Auditor's Report

To the Munsin Garment Corporation Board of Directors:

Audit opinion

The Balance Sheet of Munsin Garment Corporation as of December 31, 2025 and 2024, and the Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement, and the Notes to the Individual Financial Statements (including the summary of material accounting policies) from January 1 to December 31, 2025 and 2024 have been audited by the CPA.

In our opinion, the Individual Financial Statements above has been prepared pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), and Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") approved and promulgated to be effective by the FSC in all material respects. These statements therefore sufficiently present the financial condition of the Munsin Garment Corporation as of December 31, 2025 and 2024, and its financial performance and cash flow from January 1 to December 31, 2025 and 2024.

Basis of Audit Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing (TWSA). Our responsibilities under these standards will be explained in greater detail in the section on our auditing responsibilities for the Individual Financial Statements. The personnel of the CPA firm who are governed by regulations on independence have acted pursuant to the CPA Code of Professional Ethics and remained independent of Munsin Garment Corporation when fulfilling other obligations set forth in the Code. We believe that we have obtained sufficient and appropriate evidence as the basis for the audit opinion.

Key Audit Matters

The key audit matters pertain to the most important items of Munsin Garment Corporation's 2025 Individual Financial Statements as per the professional judgment of the CPA. These matters were addressed in the context of our audit of the Individual Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The CPA has determined that the key audit matters that should be communicated in the auditor's report are as follows:

I. Revenue recognition

For the accounting policies applied for revenue recognition, please refer to Note 4 (14) Revenue Recognition for the Individual Financial Statements, and to Note 6 (18) for revenue-related disclosures.

Explanation of key audit matters:

Munsin Garment Corporation is a listed company, and is under investor pressure to achieve revenue targets. Sales revenue is therefore a key indicator used by management to assess financial performance. Since revenue recognition has a significant impact on the financial statements, the CPA has designated revenue recognition as an important assessment item when auditing the financial statements.

Corresponding auditing procedures:

The audit procedures performed by the CPA for the key audit matters described above mainly include: understanding and testing the effectiveness of internal controls for the sales and revenue collection cycle, understanding the accounting methods used by Munsin Garment Corporation for revenue recognition, and assessing if these methods comply with reporting requirements, understanding the sales and transaction models of its ten largest sales customers, and assessing if sales revenue and days sales outstanding are reasonable, performing sample tests for each aspect of the sales and transaction process to assess if sales revenue actually exists, selecting a sample of sales transactions from before and after the financial reporting date, and verifying reported sales forms and records, transaction details, and transaction terms to assess if the revenue recognized for that period is accurate. Additionally, discover if any major customer returns have occurred after that period.

Responsibilities of the Management and Governance Units for the Individual Financial Statements

The Company's management is responsible for preparing the Individual Financial Statements pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, IFRS, IAS, IFRIC, and SIC approved and promulgated to be effective by the FSC, ensuring that these Individual Financial Statements fairly present the Company's financial status, and maintaining the internal controls necessary to ensure that the Individual Financial Statements do not contain any material misstatements due to fraud or error.

During the preparation of the Individual Financial Statements, management is also responsible for assessing the capacity of Munsin Garment Corporation to continue operations disclosing related matters, and the accounting approaches the Company will adopt in its continued business operations, unless the management plans to liquidate or shut down Munsin Garment Corporation, or concludes that there is no other feasible option other than to liquidate or shut down Munsin Garment Corporation.

The governance units (including the Audit Committee) of Munsin Garment Corporation are responsible for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the Individual Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an independent auditor's report. Reasonably reliable means highly reliable. However, auditing work carried out pursuant to the Standards on Auditing (TWSA) cannot guarantee detection of material misstatements in the Individual Financial Statements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made based on these Individual Financial Statements.

When performing auditing work pursuant to the Standards on Auditing (TWSA), we exercised our professional judgment and professional skepticism. We also performed the following tasks:

1. Identified and evaluated the risk of material misstatement due to fraud or error in the Individual Financial Statements, designed and implemented appropriate countermeasures for the evaluated risks, and obtained sufficient and appropriate evidence as the basis for the audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or violations of internal controls, the risks of material misstatements due to fraud are greater than those caused by errors.
2. Acquired the necessary understanding of internal controls relevant to the audit and provided appropriate audit procedures under such circumstances. However, the purpose of these actions is not for providing an opinion on the effectiveness of Munsin Garment Corporation’s internal controls.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Provided a conclusion on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists with regard to events or conditions that may cast significant doubt on Munsin Garment Corporation's ability to continue as a going concern. If we conclude that material uncertainties exist in these matters or conditions, we are required to remind readers of the Individual Financial Statements to pay attention to the material uncertainties disclosed in the Individual Financial Statements, or revise our audit opinion when we believe such disclosures to be inadequate. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Munsin Garment Corporation to cease to continue as a going concern.
5. Assessed the overall presentation, structure, and content of the Individual Financial Statements (including related notes), and whether the Individual Financial Statements have fairly presented the transactions and events.
6. Obtained sufficient and appropriate audit evidence on the financial information of investees recognized under the equity method, enabling us to provide an opinion on the Individual Financial Statement. We are responsible for the direction, supervision, and implementation of the audit, and for preparing the audit opinion on Munsin Garment Corporation.

Our communications with the governance unit include the planned scope and period of the audit, and the material findings of the audit (including significant internal control deficiencies discovered during auditing procedures).

We have provided the governance unit with statements of independence from our employees who are subject to independence regulations, pursuant to the CPA Code of Professional Ethics. We have also communicated to the governance unit any other potential issues which may affect the independence of our accountants (including related preventive measures).

We have determined the key audit matters for the audit of Munsin Garment Corporation’s 2025 Individual Financial Statement from the matters discussed in our communication with the governance unit. 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 Chen Yi Chun and Hsu Shu Min.

KPMG

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

Note to Readers

The accompanying individual financial statements are intended only to present the individual statement of 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 individual financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ report and the accompanying individual financial statements are an 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 individual financial statements, the Chinese version shall prevail.

Munsin Garment Corporation

Balance Sheet

December 31, 2025 and 2024

Unit: NT$ thousand

		2025.12.31		2024.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(1))	$ 199,100	9	267,667	13
1170	Net notes and accounts receivable (Note 6(2) and (18))	360,449	17	383,500	18
130X	Inventory (Note 6(3))	862,670	40	824,049	39
1470	Other current assets	16,077	1	14,451	1
		1,438,296	67	1,489,667	71
	Non-current assets:				
1550	Investments recognized under the equity method (Note 6(4))	166,883	8	146,413	7
1600	Property, plant and equipment (Note 6(6) and 8)	447,165	21	363,996	17
1755	Right-of-use assets (Note 6(7))	965	-	2,443	-
1760	Net investment properties (Note 6(8) and 8)	20,974	1	21,255	1
1780	Intangible assets (Note 6(9))	24,954	1	30,081	2
1840	Deferred income tax assets (Note 6(14))	31,940	2	31,750	2
1900	Other non-current assets (Note 8)	2,005	-	2,624	-
		694,886	33	598,562	29
	Total assets	**$ 2,133,182**	**100**	**2,088,229**	**100**

		2025.12.31		2024.12.31	
	Liabilities and equity interests	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Note 6(10))	$ 218,431	10	191,809	9
2170	Accounts payable	21,706	1	27,700	1
2180	Accounts payable - related parties (Note 7)	236	-	3,549	-
2200	Other payables (Note 7)	140,136	7	144,960	7
2230	Current income tax liabilities	28,515	1	28,458	2
2280	Lease liabilities - current (Note 6(12))	968	-	2,462	-
2300	Other current liabilities (Note 6(11))	22,694	1	20,325	1
		432,686	20	419,263	20
	Non-current liabilities:				
2570	Deferred income tax liabilities (Note 6(14))	28,455	1	24,130	1
2600	Other non-current liabilities	39,753	2	36,212	2
		68,208	3	60,342	3
	Total liabilities	500,894	23	479,605	23
	Equity: (Note 6(15))				
	Share capital:				
3110	Capital - common stock	646,269	30	646,269	31
	Capital surplus:				
3200	Capital surplus	463,666	22	463,666	22
	Retained earnings:				
3310	Legal reserve	240,502	11	215,618	10
3320	Special surplus reserve	8,103	1	11,979	1
3350	Undistributed earnings	281,753	13	279,195	13
	Other equity:				
3410	Exchange differences arising from the translation of the financial statements of foreign operations	(8,005)	-	(8,103)	-
	Total equity	1,632,288	77	1,608,624	77
	Total liabilities and equity interests	**$ 2,133,182**	**100**	**2,088,229**	**100**

(Please read the attached Notes to Financial Statements)

Chairman: Li Chiun Liang **President: Goto Kenji** **Head of Accounting: Liu Tzu Yuan**

Munsin Garment Corporation
Statement of Comprehensive Income
January 1 to December 31, 2025 and 2024

Unit: NT$ thousand

		2025			2024	
			Amount	%	Amount	%
4110	**Sales revenue (Note 6(18))**	$	1,958,266	100	1,920,166	100
5110	**Cost of goods sold (Note 6(3))**		900,408	46	878,683	46
	Gross profit		1,057,858	54	1,041,483	54
	Operating expenses:					
6100	Selling expenses		702,227	36	680,836	36
6200	Administrative expenses		77,392	4	83,219	4
			779,619	40	764,055	40
	Net operating profit		278,239	14	277,428	14
	Non-operating income and expenses: (Note 6(20))					
7100	Interest income		2,093	-	1,265	-
7010	Other income		6,962	-	5,527	-
7020	Other gains and losses		2,103	-	1,315	-
7050	Finance costs		(4,576)	-	(5,129)	-
7060	Share of profit or loss of affiliates and joint ventures recognized under the equity method (Note 6(4))		35,074	2	29,869	2
			41,656	2	32,847	2
	Net pre-tax profit from continuing operations		319,895	16	310,275	16
7950	**Minus: Income tax expenses (Note 6(14))**		63,981	3	62,201	3
	Net profit for the period		255,914	13	248,074	13
	Other comprehensive income:					
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**					
8311	Remeasurements of defined benefit plan		386	-	951	-
8349	Income tax for components that will not be reclassified to profit or loss		(77)	-	(190)	-
	Total components of other comprehensive income that will not be reclassified to profit or loss		309	-	761	-
8360	**Components that may be reclassified to profit or loss**					
8361	Exchange differences arising from the translation of the financial statements of foreign operations		122	-	4,845	-
8399	Income tax for components that may be reclassified to profit or loss		(24)	-	(969)	-
	Total components that may be reclassified to profit or loss		98	-	3,876	-
	Other comprehensive income (net amount after tax) for the period		407	-	4,637	-
	Total comprehensive income for the period	$	256,321	13	252,711	13
	Earnings per share (Note 6(17))					
	Basic earnings per share (Unit: NT$)	$		3.96		4.19
	Diluted earnings per share (Unit: NT$)	$		3.95		4.18

(Please read the attached Notes to Financial Statements)

Chairman: Li Chiun Liang **President: Goto Kenji** **Head of Accounting: Liu Tzu Yuan**

Munsin Garment Corporation

Statements of Changes in Equity

January 1 to December 31, 2025 and 2024

Unit: NT$ thousand

	Share capital		Retained earnings			Other equity interests	
	Capital - common stock	**Capital surplus**	**Legal reserve**	**Special surplus reserve**	**Undistributed earnings**	**Exchange differences arising from the translation of the financial statements of foreign operations**	**Total equity**
Balance as of January 1, 2024	$ 546,269	127,250	190,652	9,250	276,562	(11,979)	1,138,004
Net profit for the period	-	-	-	-	248,074	-	248,074
Other comprehensive income for the period	-	-	-	-	761	3,876	4,637
Total comprehensive income for the period	-	-	-	-	248,835	3,876	252,711
Appropriation and distribution of earnings:							
Allocation to legal reserve	-	-	24,966	-	(24,966)	-	-
Allocation to special surplus reserve	-	-	-	2,729	(2,729)	-	-
Cash dividends of common stock	-	-	-	-	(218,507)	-	(218,507)
Capital increase by cash	100,000	318,950	-	-	-	-	418,950
Share-based payment transactions	-	17,466	-	-	-	-	17,466
Balance as of December 31, 2024	646,269	463,666	215,618	11,979	279,195	(8,103)	1,608,624
Net profit for the period	-	-	-	-	255,914	-	255,914
Other comprehensive income for the period	-	-	-	-	309	98	407
Total comprehensive income for the period	-	-	-	-	256,223	98	256,321
Appropriation and distribution of earnings:							
Allocation to legal reserve	-	-	24,884	-	(24,884)	-	-
Reversal of special reserve	-	-	-	(3,876)	3,876	-	-
Cash dividends of common stock	-	-	-	-	(232,657)	-	(232,657)
Balance as of December 31, 2025	**$ 646,269**	**463,666**	**240,502**	**8,103**	**281,753**	**(8,005)**	**1,632,288**

(Please read the attached Notes to Financial Statements)

Chairman: Li Chiun Liang **President: Goto Kenji** **Head of Accounting: Liu Tzu Yuan**

Munsin Garment Corporation

Cash Flow Statement

January 1 to December 31, 2025 and 2024

Unit: NT$ thousand

		2025	2024
Cash flow from operating activities:			
Net profit before tax of the current period	$	319,895	310,275
Adjustments:			
Adjustments to reconcile profit (loss)			
Depreciation expenses		50,247	52,872
Amortization expenses		5,127	4,808
Interest expenses		4,576	5,129
Interest income		(2,093)	(1,265)
Share-based remuneration payment expense		-	17,466
Share of profit from affiliates and joint ventures recognized under the equity method		(35,074)	(29,869)
Proceeds from disposal or write-off of property, plant, and equipment		1,133	701
Total adjustments to reconcile profit (loss)		23,916	49,842
Changes in operating assets and liabilities:			
Changes in operating assets:			
Notes and accounts receivable		23,051	(26,513)
Inventory		(38,621)	(201,815)
Other current assets		(1,619)	(3,378)
Total changes in operating assets		(17,189)	(231,706)
Changes in operating liabilities:			
Accounts payable		(9,307)	817
Other payables		(819)	10,734
Other current liabilities		5,074	2,546
Net defined benefit liabilities		(1,277)	(2,450)
Total changes in operating liabilities		(6,329)	11,647
Total net changes in operating assets and liabilities		(23,518)	(220,059)
Total adjustments		398	(170,217)
Cash flow from operating activities		320,293	140,058
Interest received		2,085	1,265
Dividends received		14,726	12,008
Interest paid		(3,830)	(5,246)
Income tax paid		(59,890)	(89,721)
Net cash inflow from operating activities		273,384	58,364
Cash flow from investing activities:			
Acquisition of property, plant and equipment		(135,409)	(64,527)
Refundable deposits		619	280
Acquisition of intangible assets		-	(29,031)
Net cash outflow from investing activities		(134,790)	(93,278)
Cash flow from financing activities:			
Short-term borrowings		26,622	27,150
Guarantee deposits received		2,500	8,000
Repayment of lease liabilities		(3,626)	(3,440)
Distribution of cash dividends		(232,657)	(218,507)
Capital increase by cash		-	418,950
Net cash inflow (outflow) from financing activities		(207,161)	232,153
(Decrease) increase in cash and cash equivalents for the period		(68,567)	197,239
Opening balance of cash and cash equivalents		267,667	70,428
Closing balance of cash and cash equivalents	$	199,100	267,667

(Please read the attached Notes to Financial Statements)

Chairman: Li Chiun Liang **President: Goto Kenji** **Head of Accounting: Liu Tzu Yuan**

Munsin Garment Corporation
Notes to Financial Statements
2025 and 2024
(Unless otherwise specified, all amounts are expressed in units of NT$ thousand)

1. Company history

Munsin Garment Corporation (hereinafter referred to as “the Company”) was established on June 16, 1984 with approval from the Ministry of Economic Affairs. Its registered address is No. 18, Wuquan 6th Road, Wugu District, New Taipei City. The Company’s main business activities include the manufacturing and sale of various garments and knitwear, acting as a product distribution, bidding, and quoting agent for domestic and international brands, and the import and export trade operations related to these business activities.

2. Date and procedures of approval of the Financial Statements

The Financial Statement was released with the approval of the Board of Directors on March 11, 2026.

3. Application of new standards, amendments, and interpretations

(1) Impact of adopting newly-issued or amended IFRS accounting standards and interpretations approved by the Financial Supervisory Commission (FSC).

The Company has from January 1, 2025 onwards adopted the following newly-amended IFRS accounting standards. This has not had a material impact on the Financial Statement.

- Amendment to IAS 21 Lack of Exchangeability

(2) Impact of IFRSs approved by the FSC but not yet adopted by the Company

The Company will from January 1, 2026 onwards adopt the following newly-amended IFRS accounting standards. These changes will not have a material impact on the Financial Statement.

- Amendments to IFRS 17 Insurance Contracts and IFRS 17
- Amendments to the Classification and Measurement of Financial Instruments, which include amendments to IFRS 9 and IFRS 7
- Annual Improvements to the IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity

(3) Newly-issued or amended standards and interpretations not yet approved by the FSC

The newly-issued or amended standards and interpretations announced by the International Accounting Standards Board (IASB) but not yet approved by the FSC which may be relevant to the Company are as follows:

Newly-issued or amended standards and interpretations	**Main amendment**	**Effective date announced by the IASB**
IFRS 18 Presentation and Disclosure in Financial Statements	This new standard introduces three categories for income and expenses, two subtotals to be included on the income statement, and a standalone note on management-defined performance measures. These three changes amend and improve guidance on how information should be categorized in financial statements, setting a foundation that provides readers with better and more consistent information. This will impact all companies. · Better-structured income statement: Under the current standards, companies can present their operating results in various different formats, making it difficult for investors to compare the financial performance of different companies. This new standard improves the structure of the income statement, and introduces a new “operating profit” subtotal item. It also requires all income and expenses to be put into one of three new categories based on a company’s main operating activities. · Management-defined Performance Measurements (MPMs): This new standard introduces and defines management-defined performance measurements (MPMs), and requires companies to include a standalone note in their financial statements to explain how each of their MPMs can provide useful information, how they are calculated, and how they can be reconciled with the amounts recognized under the IFRS accounting standards. · More detailed information categories: This new standard provides guidance to companies on how they can better categorize information provided in financial statements. This includes guidance on whether information should be included in the main financial statements, or further explained in detail in a note.	January 1, 2027 Note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will align with IFRS 18 in the 2028 fiscal year. Companies who need to adopt this standard early may do so after obtaining approval from the FSC.

The Company is currently continuing to assess the impact of the standards and interpretations described above on the Company’s financial position and operating results. The impact found will be disclosed after completing the assessment.

The Company does not expect the following newly-issued and amended standards to have a material impact on financial statements.

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

4. Summarized remarks on material accounting policies

The material accounting policies adopted for the Financial Statement are as follows. Unless otherwise stated, all of the accounting policies below have been consistently applied across the entirety of the period which this Financial Statement reports on.

(1) Statement of compliance

The Financial Statement has been prepared pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

(A) Basis of measurement

Except for the following material asset and liability items, the Financial Statement has been prepared following the historical cost convention principle:

(a) Net defined benefit liabilities (or assets) are measured as the fair value of retirement fund assets, minus the present value of defined benefit obligations, and subject to the cap described in Note 4 (15).

(B) Functional currency and presentation currency

The currency of the primary economic environment in which the Company operates is used as the Company’s functional currency. The Financial Statement is presented in NTD, which is the Company's presentation currency. All financial information expressed in NTD are in units of NT$ thousand.

(3) Foreign currency

(A) Foreign currency transactions

Foreign currency transactions are converted into the functional currency based on the exchange rate on the transaction date. On the closing date of each subsequent reporting period (hereinafter referred to as the “reporting date”), monetary items denominated in foreign currency are converted into the functional currency based on the exchange rate on that date. Non-monetary items measured at fair value that are denominated in a foreign currency are converted into the functional currency based on the exchange rate on the date that they are measured at fair value, while non-monetary items measured at historical cost that are denominated in a foreign currency are converted based on the exchange rate on the transaction date.

The foreign currency exchange difference that arises from these conversions are generally recognized in profit and loss.

(B) Foreign operations

The assets and liabilities for our foreign operations, including the goodwill and fair value adjustments arising from their acquisition, are converted into NTD based on the exchange rate on the reporting date. Income and expense items are converted into NTD based on the average exchange rate across that period, and any resulting currency translation differences are recognized as other comprehensive income and loss.

When the disposition of a foreign operation results in a loss of control, loss of joint control, or a loss of significant influence, the accumulated currency translation difference for the foreign operation is fully reclassified as profit or loss. When disposing of a portion of an investment in an affiliate or joint venture with foreign operations, the related currency translation difference is fully reclassified as a proportional profit or loss.

For monetary receivables or payables from foreign operations, the foreign exchange gains or losses arising from items for which there is no settlement plan and are unlikely to be settled in the foreseeable future shall be considered as part of the net investment into the foreign operation and recognized as other comprehensive income.

(4) Criteria for classifying assets and liabilities as current and non-current

The Company classifies all assets that meet the following criteria as current assets, and all other assets which do not meet these criteria as non-current assets:

(A) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.

(B) Assets that are held mainly for trading purposes.

(C) Assets that are expected to be realized within twelve months after the end of the reporting period, or

(D) Assets classified as cash or cash equivalents (as defined in IAS 7), unless restricted to be exchanged or used to settle liabilities at least twelve months after the end of the reporting period.

The Company classifies all liabilities that meet the following criteria as current liabilities, and all other liabilities as non-current liabilities:

(A) Liabilities that are expected to be settled within the normal operating cycle.

(B) Liabilities held mainly for trading purposes.

(C) Liabilities that are due to be settled within twelve months after the end of the reporting period. or

(D) Liabilities which the Company does not have the right to defer settlement of to at least twelve months after the end of the reporting period.

(5) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents refer to short-term and highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value. Time deposits that fulfill the definition above and are held for the purpose of meeting short-term cash commitments, and not for investment or other purposes, are recognized as cash equivalents.

Bank overdrafts that are immediately repayable and form part of the Company's overall cash management are recognized as a component of cash and cash equivalents on the cash flow statement.

(6) Financial instruments

Accounts receivables and issued debt securities are initially recognized when they are created. All other financial assets and liabilities are initially recognized when the Company becomes party to a financial instrument contract. Financial assets not valued at fair value through profit or loss ("FVTPL") (excluding accounts receivables not containing a significant financial component) or financial liabilities initially valued at fair value plus transaction costs can be directly measured based on their acquisition or issuance cost. Accounts receivables not containing a significant financial component are initially measured at their transaction price.

(A) Financial assets

All financial assets classified in the same manner and purchased or sold through a regular-way trade are recognized by the Company through the same consistent accounting procedures, either on the transaction date or settlement date.

Financial assets are classified as follows when initially recognized: Financial assets at amortized cost, financial assets at FVTPL. The Company will only reclassify affected financial assets should our operating model for managing financial assets change. All affected assets shall be reclassified on the starting date of the next reporting period.

(a) Financial assets at amortized cost

Financial assets are measured at amortized cost if they are not specified as being measured at FVTPL, and also meet the following conditions:

· The financial asset is held under an operating model which collects contractual cash flows.

· The financial asset has contractual terms which generates cash flows on specified dates solely for repaying the principal and interest on an outstanding principal amount.

These assets are subsequently measured at amortized cost at their initial recognized amount plus or minus the accumulated amortization amount calculated through the effective interest method, and after adjusting for any loss provisions made. Interest income, gains or losses from foreign exchange transactions, and impairment losses are recognized in profit or loss. When derecognized, any gains or losses are recognized as profit or loss.

(b) Impairment of financial assets

The Company recognizes loss provisions for expected credit losses ("ECL") on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, other receivables, guarantee deposits paid, and other financial assets).

Loss provisions for the following assets have been measured based on their ECL over twelve months, while loss provisions for other assets have been measured based on ECL over their lifetime:

· Credit risks for debt securities determined to be low on the reporting date, and

· Credit risks for other debt securities and bank deposits (i.e. the risk of default across the expected lifetime duration of the financial instrument) which have not increased significantly since initially being recognized.

Loss provisions for accounts receivables are measured based on the ECL across their lifetime.

Lifetime ECL refer to the ECL arising from all potential default risks across the expected lifetime of the financial instrument.

ECL over twelve months refers to the ECL arising from all potential default risks in the twelve months following the end of the reporting period for the financial instrument (or across a shorter period, if the expected lifetime of the financial instrument is less than twelve months).

The longest period used for measuring ECL is the period of the Company's longest contract exposed to credit risks.

ECL is calculated through a probability-weighted estimate of the lifetime expected credit loss of the financial instrument. Credit losses are measured at the present value of total cash short, which is the difference between the total cash flow the Company can receive under contractual terms, and the total cash flow that the Company expects to receive. ECL are discounted at the effective interest rate for the financial asset.

On each reporting date, the Company assesses whether a credit impairment should be recognized for a financial asset measured at amortized cost. After a financial asset is affected by one or more events with an adverse impact on its estimate future cash flows, the financial asset is considered as credit-impaired. Evidence that a financial asset should be considered credit-impaired includes the following observable events:

- Borrower or issuer has encountered significant financial difficulties.
- There has been a default, such as payment being deferred or overdue for more than ninety days.
- The Company makes concessions to the borrower that would not usually be considered, due to economic or contractual reasons related to the borrower's financial difficulties.
- The borrower is highly likely to file for bankruptcy or undergo other financial restructuring. or
- There is no longer an active market for the financial asset due to financial difficulties.

Deduct the loss provisions for the financial asset measured at amortized cost from the asset's carrying amount.

When the Company cannot reasonably expect to recover all or part of the financial asset, the total carrying amount for the financial asset should be directly reduced. For corporate accounts, the Company will assess when to write off the financial asset, and the amount to be written off, based on how likely that the asset can be recovered. The Company does not expect a significant reversal for amounts written-off. However, the Company may still attempt to recover financial assets that have been written off through compulsory enforcement, in accordance with the Company's procedures for recovering overdue amounts. Based on our experience, overdue amounts are unable to be recovered from a corporate account after 120 days.

(c) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or when the financial asset, together with all substantial risks and rewards of its ownership, is transferred to another company, or when the substantial risks and rewards of ownership and control over the financial asset has not been retained despite the asset not being transferred.

Should the Company sign a transfer of the financial asset, but nevertheless retain all substantial risks and rewards of ownership over the financial asset, it may still be recognized on the Balance Sheet.

(B) Financial liabilities and equity instruments

(a) Classification of liabilities or equity

The liabilities and equity instruments issued by the Company are classified as financial liabilities or equity based on the actual terms of the contract agreement and the definitions of financial liability and equity instruments.

(b) Financial liabilities

Financial liabilities are classified as those measured at amortized cost, or measured at FVTPL. Financial liabilities are classified as being measured at FVTPL if they are held for trading purposes, as derivative instruments, or specified as such when initially recognized. Financial liabilities at FVTPL are measured at fair value, with all related net gains and losses, including any interest expenses, recognized as profit or loss.

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

(c) Derecognition of financial liabilities

The Company derecognizes a financial liability when the obligation under the liability specified in the contract is discharged, canceled, or expired. When the contract terms for a financial liability are amended, and there is a significant difference between its cash flows before and after the amendment, the original financial liability is derecognized and a new financial liability measured at fair value is recognized based on the new amended terms.

When a financial liability is derecognized, any difference between its carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(d) Offsetting financial assets and liabilities

Financial assets and liabilities will only be offset and their net values presented on the Balance Sheet if the Company currently has a legal right to offset these items, and intends to settle these items as a net value amount, or simultaneously realize assets while settling liabilities.

(7) Inventory

Inventory is measured at the lower of cost or net realizable value. Costs include the cost of acquiring, producing, processing the inventory, or other costs, in order to transport the inventory to a usable location or into a usable state. This cost is calculated through a weighted average method.

Net realizable value refers to the estimated selling price under ordinary operating conditions, minus the estimated cost of completing the production and sales process.

(8) Enterprises affiliated through investment

Affiliated enterprises refer to an entity which the Company has significant influence over with regard to its financial or operating policies, but which the Company does not have control or joint control over.

The equity which the Company holds in an affiliated enterprise is recognized using the equity method. Under the equity method, the initial acquisition is recognized at cost, with the total cost of investment including the transaction cost. The carrying amount of an enterprise affiliated through investment includes the goodwill amount identified at the time of the initial investment, less any accumulated impairment losses.

The Financial Statements include, from the date that the investment becomes of material impact to the date that it becomes no longer of material impact, the amounts recognized through profit or loss and other comprehensive income arising from the Company's investment into affiliated enterprises measured in proportion to our equity interest, after adjustments to maintain consistency with the Company's accounting policies. When changes in an affiliated enterprise's equity do not arise from the profit or loss or other comprehensive income of the affiliate and such changes do not affect the Company's ownership percentage of the affiliated enterprise, the Company will recognize the change in equity that the Company's ownership proportion of the affiliated enterprise entitles us to as capital surplus.

Unrealized profits and losses that arise from transactions between the Company and an affiliated enterprise are recognized on the financial statements only to the extent of their impact on the equity in the affiliated enterprise held by non-related party investors. When the Company recognizes a share of losses from an affiliated enterprise equal to or exceeding the total equity interest invested into the affiliated enterprise, the Company shall stop recognizing this loss, and only recognize other losses and liabilities to the extent required by our legal obligations, constructive obligations, or payments already made on behalf of the investee.

(9) Investment properties

Investment properties refer to properties held for the purpose of earning rental income or asset appreciation, or both, rather than for normal business sales operations, for production purposes, for providing goods and services, or for serving administrative purposes. Investment properties are initially recognized at cost, and subsequently measured at cost minus accumulated depreciation and impairment. The depreciation calculation method, useful life duration, and residual value used are based on accounting regulations for property, plant, and equipment.

When an investment property originally being leased is converted into an owner-occupied property, the carrying amount of the investment property is reclassified as property, plant, and equipment at the time that its usage purpose changes.

Rental income from investment properties is recognized as other income on a straight-line basis during the lease tenor.

(10) Property, plant and equipment

(A) Recognition and measurement

Property, plant, and equipment items are measured at cost (including capitalized borrowing costs), minus accumulated depreciation and any accumulated impairment losses.

When the useful life of significant components of property, plant, and equipment differ, they are treated as separate property, plant, and equipment items (main components).

Gains or losses from the disposal of property, plant, and equipment are recognized as profit or loss.

(B) Subsequent costs

Subsequent expenditures are only capitalized if it is likely that future economic benefits will flow into the Company.

(C) Depreciation

Depreciation is calculated as asset cost minus its residual value. The straight-line depreciation method is used to calculate and recognize profit or loss across each component's useful life.

Depreciation is not recognized for land.

The estimated useful life for the current period and comparative periods is as follows:

(a) Houses	2 to 55 years
(b) Office equipment	3 to 5 years
(c) Transportation equipment	5 years
(d) Other facilities	1.5 to 3 years

The Company reviews the depreciation method, useful life, and residual values on the reporting date, and makes appropriate adjustments when necessary.

(D) Reclassified into investment properties

When an owner-occupied property is converted into an investment property the carrying amount of the property is reclassified as an investment property.

(11) Lease

The Company assesses whether a contract is considered or contains a lease on the day that the contract is established. Should a contract transfer control over the use of an identified asset for a period of time in exchange for consideration, the contract is determined to be a lease, or contain a lease.

(A) Lessee

The Company recognizes right-of-use assets and lease liabilities on the starting date of the lease. Right-of-use assets are initially measured at cost, with the cost comprising the original measured value of the lease liability adjusted for any payments towards the lease liability on or before the lease starting date, plus the initial direct costs incurred, and the estimated costs of dismantling and removing the underlying asset, restoring the site on which it is located, or restoring the asset itself, minus any lease incentives received.

Right-of-use assets are subsequently measured using the straight-line depreciation method from the lease start date until the end of the right-of-use asset's useful life or the lease tenor ends, whichever date arrives earlier. Additionally, the Company regularly assesses whether right-of-use assets have been impaired and applies any impairment losses that have occurred, and adjusts right-of-use assets when lease liabilities are remeasured.

Lease liabilities are initially measured as the present value of lease payments that have not yet been paid on the starting date of the lease. If the interest rate implied by the lease can be easily determined, that interest rate shall be used as the discount rate. Otherwise, the Company's incremental borrowing rate shall be used. In general, the Company's incremental borrowing rate is used as the discount rate.

Lease payments used in the measurement of lease liabilities include:

(a) Fixed payments, including in-substance lease payments:

(b) Variable lease payments subject to changes in an index or rate. The index or rate on the lease start date is used for initial measurement.

(c) Guaranteed residual value for expected payments, and

(d) The exercise price of an option to purchase or terminate the lease that the lessee is reasonably certain to exercise, or the penalty payable for doing so.

The lease liability subsequently accrues interest calculated using the effective interest method. The lease liability amount is remeasured in the following conditions:

(a) The index or rate used to determine future lease payments changes, leading to changes in the lease payments.

(b) The guaranteed residual value for expected payments changes.

(c) The assessment of the option to purchase the underlying asset changes.

(d) The expected lease tenor initially assessed changes, due to a change in the assessment of whether the option to extend or terminate the lease will be exercised changes.

(e) Modifications to the underlying asset, scope, or other terms of the lease.

When a lease liability is remeasured due to changes in the index or rate used to determine future lease payments, changes in the guaranteed residual value for expected payments, or changes in the assessment of the option to extend or terminate the lease, the carrying amount of the right-of-use asset shall also be changed accordingly. Should the carrying amount of the right-of-use asset be reduced to zero, the remaining remeasured amount will be recognized as profit and loss.

When there is a lease modification which reduces the scope of the lease, the carrying amount of the right-of-use asset will be reduced to reflect the partial or complete termination of the lease. The difference between the original and remeasured lease is recognized as profit or loss.

For short-term leases and leases of low-value underlying assets, such as dormitory rooms, parking spaces, photocopiers, and special sale venues, the Company has chosen to not recognize these as right-of-use assets and lease liabilities, but instead recognizes these lease payments as expenses on a straight-line basis over the lease tenor.

(B) Lessor

In transactions where the Company is the lessor, the lease contract is classified on the lease establishment date as a finance lease if the lease transfers all substantial risks and rewards of ownership of the underlying asset. Otherwise, the lease contract is classified as an operating lease. When assessing a lease, the Company takes specific indicators into consideration, including whether the lease tenor is for the major part of the economic life of the underlying asset.

If the agreement includes both lease and non-lease components, the Company will allocate the consideration in the contract pursuant to IFRS 15.

(12) Intangible assets

(A) Recognition and measurement

When the Company acquires intangible assets with a useful life, it is measured at cost minus accumulated amortization and accumulated impairment.

(B) Subsequent expenditures

Subsequent expenditures are capitalized only when they increase the future economic benefits of the specified asset. All other expenditures are recognized as profit or loss when they are incurred.

(C) Amortization

Apart from goodwill, amortization is calculated by deducting the estimated residual value from the cost of the asset. From the date that an intangible asset becomes available for use, amortization is recognized as profit or loss through the straight-line basis over the asset's useful life.

The estimated useful life for the current period and comparative periods is as follows:

(a) Computer software 3 to 5 years

(b) Trademarks 10 years

The Company reviews the amortization method, useful life, and residual value of intangible assets on the reporting date, and makes appropriate adjustments when necessary.

(13) Impairment of non-financial assets

On each reporting date, the Company assesses whether there are any indications that the carrying amount for an asset (excluding inventory and deferred income tax assets) may be impaired. If any such indicators are discovered, the Company will determine a recoverable amount for the asset in question.

For the purpose of testing for impairment, the Company defines the smallest identifiable asset group as a group of assets with cash flows mostly independent from other individual assets or asset groups. Goodwill acquired through a business combination is allocated to the cash-generating unit or group of units expected to benefit from the synergies created by the merger.

The recoverable amount is determined as the higher of the individual asset or cash generating unit's fair value minus disposal cost and its use-value. When assessing use-value, estimated future cash flows are discounted using the pre-tax discount rate to find their present value. This discount rate should reflect an assessment of the time value of money in the current market, or the risks specific to the cash-generating unit.

An impairment loss is recognized should the recoverable amount for an individual asset or cash-generating unit be less than its carrying amount.

Impairment losses are immediately recognized in profit or loss. The carrying amount for the goodwill of the cash-generating unit is decreased first, followed by the carrying amount for the other assets in the cash-generating unit, in proportion to their share of the unit's carrying amount.

(14) Revenue recognition

(A) Revenue from contracts with customers

Revenue is measured based on the consideration expected to be received in exchange for transferred goods or services. The Company recognizes revenue when goods or services are transferred to the customer, and performance obligations are fulfilled. The Company's main revenue items are described below:

(a) Sale of goods - directly selling goods to customers

The Company manufactures and sells various garments and knitwear on the retail market. Revenue from these sales are recognized when products are physically transferred to customers. Prices are immediately paid by customers upon purchasing goods.

(b) Sale of goods - goods sold through distributors

The Company manufactures and trades various garments and knitwear, and sells these goods to sales channel operators. The Company recognizes revenue when control of the product is transferred. Control over the product is considered as transferred when the product has been delivered to customers. After the transfer, the customer has full control over the product's sales channels and pricing, and there are no longer any unfulfilled obligations which may affect the customer's willingness to accept the product. Delivery occurs when the product has been transferred to a specified location, the risk of product obsolescence and loss transferred to the customer, and the customer has accepted delivery of the product pursuant to the sales contract, the terms for product acceptance have expired, or the Company has objective evidence determining that all acceptance conditions have been met.

The Company entitles customers to return a certain proportion of sales goods. Therefore, the Company has made adjustments for expected returns when recognizing revenue, and recognized refund liabilities and customer rights of return. The Company uses previous experience to estimate expected returns when sales are made. Since return rates have remained stable over the past few years, it is highly likely that cumulative returns will not experience a significant reversal. The Company reassess the estimated expected returns each reporting date.

(c) Customer loyalty program

The Company offers a customer loyalty program where customers can earn points when purchasing products, giving customers the right to purchase products at a discount from the Company in the future. The Company believes that these points provide customers with important rights that they would not have the ability to acquire without signing the contract. Therefore, the Company's commitment to providing customers with points is considered a performance obligation. The Company divides the transaction price into portions attributable to the product and the points purchased, allocating based on the relative individual selling price. Based on previous experience, the Company's management estimates the individual selling price for one loyalty point based on the discount provided when redeeming points, and the likelihood that points are redeemed. The individual selling price of the product is estimated based on its retail price. The Company recognizes contract liabilities based on the above estimation methods when selling products, and converts the amount to revenue when points are redeemed or expire.

(d) Financial component

For all of the Company's customer contracts, the Company expects that the interval between transferring goods or services to customers and receiving payment from the customer for goods and services will not exceed one year. Therefore, the Company does not adjust for the time value of money when recognizing transaction prices.

(15) Employee benefits

(A) Defined contribution plans

Contribution obligations for defined contribution plans are recognized as an expense during the periods where the employee is providing services to the Company.

(B) Defined benefit plans

The Company's net obligations under a defined benefit plan is measured as the present value of discounted future benefits that employees will earn in return for their services in the current or previous periods, minus the fair value of plan assets.

Defined benefit obligations are calculated each year by qualified actuaries through the projected unit credit method. When calculated results may be favorable to the Company, recognized assets are limited to the present value of any economic benefits that may be earned through the return of contributions already made to benefit plans, or a reduction of future contributions to benefit plans. All minimum contribution requirements must be taken into consideration when calculating the present value of economic benefits.

Remeasured net defined benefit liabilities, including actuarial gains and losses, returns on plan assets (excluding interest), and any changes to the impact of the asset ceiling (excluding interest) are immediately recognized as other comprehensive income, and accumulated in retained earnings. The Company determines the net interest expense (income) earned by net defined benefit liabilities (assets) using the net defined benefit liabilities (assets) and discount rate decided at the start of the annual reporting period. The interest expense and other expenses of the defined benefit plan are recognized in profit and loss.

When benefit plans are revised or reduced, any changes in benefits related to the services expense of the previous period or reduced benefits or losses are immediately recognized as profit or loss. When a settlement occurs, the Company recognizes a settlement profit or loss for the defined benefit plan.

(C) Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses at the time when services are provided. If the Company has a present legal or constructive obligation to pay benefits for services provided by an employee in the past, and the amount of this obligation can be reliably estimated, the amount shall be recognized as a liability.

(16) Share-based payment transactions

Equity-settled share-based payment agreements are measured at fair value on the grant date, and recognized as an expense within the vesting period. Equity will also be increased accordingly when recognized. Recognized expenses are adjusted based on the service conditions and non-market vesting conditions expected to be fulfilled. The final recognized amount is measured based on the number of rewards earned by meeting service conditions and non-market vesting conditions on the vesting date.

(17) Income tax

Income tax for the period comprises of current and deferred income tax. Except for items related to business combinations, or items directly recognized in equity or other comprehensive income, current and deferred income tax is recognized as profit or loss.

Current income tax includes the estimated income tax payable or tax refund for the year calculated based on the current year’s taxable income (loss), together with any adjustments to the income tax payable or tax refund received in the previous year. This amount is the best estimate of the amount expected to be paid or received, measured based on the legal tax rate or substantively enacted tax rate on the reporting date.

Deferred income tax is measured and recognized as the temporary difference between the carrying amount of assets and liabilities and their tax bases on the reporting date. Temporary differences are not recognized as deferred income tax in the following circumstances:

(A) Assets or liabilities initially recognized in transactions that are not business combinations, and which do not affect accounting profit and taxable income (loss).

(B) Temporary differences generated by investing into a subsidiary, affiliated enterprise, or equity joint venture, where the Company is able to control when the temporary difference is reversed, and where it is highly likely that the temporary difference will not be reversed in the foreseeable future, as well as

(C) Taxable temporary differences arising from the initial recognition of goodwill.

Unused taxable losses and unused income tax credits carried forward to later periods, and deductible temporary differences, are recognized as deferred income tax assets should there be a high likelihood that they can be used to offset future taxable income. Income tax benefits are reassessed on each reporting date, and reduced if there is not a high likelihood that they can be realized. However, if the situation changes and there becomes a high likelihood of sufficient taxable income being earned in the future, the previously reduced amount may be reversed.

Deferred income tax is measured according to the tax rate at the time when the temporary difference is expected to be reversed, based on the legal or substantively enacted tax rate on the reporting date.

The Company will only offset deferred income tax assets with deferred income tax liabilities if all of the following conditions are met:

(A) The Company has the legally enforceable right to offset current income tax assets with current income tax liabilities, and

(B) Deferred income tax assets and deferred income tax liabilities both relate to income taxes levied by the same taxation authority on one of the following taxable entities:

(a) The same taxable entity, or

(b) Different taxable entities, but each taxable entity intends either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

(18) Business combinations - acquisitions

In a business combination achieved in stages, the Company remeasures its previously-held equity interest in the acquiree based on its fair value on the acquisition date. Any gains or losses generated are recognized as profit or loss. Any changes in the acquiree’s equity that has already been recognized in other comprehensive income prior to the acquisition date will be treated in the same manner as if the Company had directly disposed of its previously-held equity interest. This amount will be reclassified to profit or loss, if it is appropriate for the Company to do so when disposing of equity interest.

(19) Earnings per share

The Company discloses basic and diluted earnings per share attributable to holders of the Company's common stock. The Company's basic earnings per share are calculated by dividing the profit or loss attributable to the Company's common stock shareholders by the weighted average common stock outstanding for that period. Diluted earnings per share are calculated by adjusting the profit or loss attributable to the Company's common stock shareholders and the weighted average common stock outstanding for that period by the impact of all dilutive potential common stock.

(20) Information on operating segments

Operating segments are the components of the Company. They engage in business activities from which they may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company). The operating results of all operating segments are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Discrete financial information is available for each segment.

5. Significant accounting judgments, estimates, and main uncertainty assumptions

When preparing the Financial Statements, management must make judgements and estimates for the future (including on climate risks and opportunities) which affect the reported amounts for the assets, liabilities, income, and expenses used for the Company's accounting policies. Actual results may differ from these estimates.

Management continuously reviews estimates and underlying assumptions to ensure that they remain consistent with the Company's risk management and climate commitments. Changes in estimated values are deferred and recognized in periods where the change occurred, and in future periods where the change has an impact.

(1) Inventory valuation

Since inventory is valued at the lower of inventory cost or net realizable value, the Company values inventory on the reporting date based on the amount lost due to normal inventory losses, product obsolescence, or losing their market value, marking down inventory cost to their net realizable value. This inventory valuation is mainly based on the demand for these products over a specified period in the future. Inventory valuation may therefore change significantly due to rapid changes in the industry. For more details on estimated inventory valuation, please refer to Note 6 (3).

6. Description of significant accounting items

(1) Cash and cash equivalents

		2025.12.31	2024.12.31
Cash on hand	$	1,116	966
Checks and demand deposits		177,984	266,701
Time deposits		20,000	-
Cash and cash equivalents as presented on the Cash Flow Statement	$	199,100	267,667

Please refer to Note 6 (21) for a detailed disclosure of the interest rate risk and sensitivity analysis of the Company’s financial assets and liabilities.

The Company’s cash and cash equivalents have not been pledged as collateral.

(2) Notes receivable and accounts receivable

		2025.12.31	2024.12.31
Notes receivable	$	3,298	4,838
Accounts receivable		357,347	378,858
Minus: Loss provisions		(196)	(196)
	$	360,449	383,500

The Company uses a simplified approach to estimate expected credit losses for all notes receivable and accounts receivable, which is to use expected lifetime credit losses to measure expected credit loss. For this measurement purpose, notes receivables and accounts receivables are grouped based on common credit risk characteristics relevant to the customer’s ability to repay all due amounts pursuant to the contract terms. The Company has also taken forward-looking information into consideration, including macroeconomic and relevant industry information. The expected credit loss analysis of the Company's notes receivable and accounts receivable is as follows:

	2025.12.31			
		Notes receivable and accounts receivable amounts	Weighted average expected credit loss rate	Provisions for lifetime expected credit losses
Not overdue	$	360,643	0.01%~0.10%	196
Less than 30 days overdue		2	1.00%~10.00%	-
	$	360,645		196

	2024.12.31			
		Notes receivable and accounts receivable amounts	Weighted average expected credit loss rate	Provisions for lifetime expected credit losses
Not overdue	$	383,615	0.01%~0.10%	192
Less than 30 days overdue		81	1.00%~10.00%	4
	$	383,696		196

The changes to the Company's loss provisions for notes receivables and accounts receivables are as follows:

		2025	2024
Opening balance (will be equal to ending balance)	$	196	196

Please refer to Note 6 (21) for details regarding the credit and exchange rate risks of the Company's notes receivables and accounts receivables.

The Company's notes receivables and accounts receivables have not been pledged as collateral.

(3) Net inventory

		2025.12.31	2024.12.31
Raw materials	$	2,640	2,079
Work in process		4,806	5,865
Merchandise		855,224	816,105
	$	862,670	824,049

Details on the Company's cost of goods sold for 2025 and 2024 are as follows:

		2025	2024
Cost of goods sold	$	898,708	875,998
Loss on inventory impairment		2,190	1,035
Inventory write-down loss (reversal gains)		(490)	1,650
	$	900,408	878,683

In 2025, the Company recognized an inventory reversal gain of NT$490 thousand due to the elimination of factors that had previously reduced the net realizable value of inventory, leading to the net realizable value increasing. This gain has been recognized as a reduction in the cost of goods sold.

In 2024, the Company recognized a loss on inventory devaluation of NT$1,650 thousand due to an inventory write-off when converted to net realizable value. This has been recognized as cost of goods sold.

As of December 31, 2025 and 2024, none of the Company's inventory was pledged as collateral.

(4) Investments recognized under the equity method

The Company uses the equity method to measure the following investments on the reporting date:

		2025.12.31	2024.12.31
Affiliated enterprises	$	166,883	146,413

(A) Affiliated enterprises

The Company's investments in affiliated enterprises recognized under the equity method are individually considered as non-material. Their consolidated financial information is as follows, which relate to the amounts disclosed in the Company's Financial Statement:

		2025.12.31	2024.12.31
Summary of closing carrying amounts for non-material equity investments in each affiliated enterprise	$	166,883	146,413
		2025	**2024**
Portion attributable to the Company:			
Net profit before tax from continuing operations	$	35,074	29,869
Other comprehensive income:			
Exchange differences arising from the translation of the financial statements of foreign operations	$	122	4,845
Income tax for components that may be reclassified to profit or loss		(24)	(969)
Other comprehensive income (loss) for this period	$	98	3,876
Total comprehensive income	$	35,172	33,745

(B) Collateral

As of December 31, 2025 and 2024, none of the Company's investments recognized under the equity method were pledged, used as collateral, or restricted.

(5) Acquisitions

The Company acquired the business operations of Dragon Gate Enterprise Co., Ltd. on May 1, 2024, whose main business operations are department store apparel retail.

The Company acquired the business operations of Dragon Gate Enterprise Co., Ltd., as well as rights to its own brand and brand agent operations. Additionally, the Company has also acquired the other company's inventory, improved lease holdings, and its own trademark rights. This is expected to increase the Company's market share in the department store apparel market.

Details on the fair value of identifiable assets as of the acquisition date are as follows:

Inventory	$	103,835
Property, plant and equipment		10,665
Intangible assets		30,000
Fair value of net identifiable assets	**$**	**144,500**

The consideration transferred for acquiring Dragon Gate Enterprise Co., Ltd. was NT$144,500 thousand, which is equal to the fair value of net identifiable assets.

(6) Property, plant and equipment

Changes to the cost and depreciation of the Company's property, plant, and equipment are as follows:

		Land	Buildings	Office equipment	Transportation equipment	Other facilities	Construction in progress and facilities to be inspected	Total
Cost or identified cost:								
Balance as of January 1, 2025	$	251,668	169,938	12,484	3,387	53,332	26,114	516,923
Addition		-	881	587	-	48,076	81,114	130,658
Disposal		-	-	(91)	-	(34,555)	-	(34,646)
Balance as of December 31, 2025	$	251,668	170,819	12,980	3,387	66,853	107,228	612,935
Balance as of January 1, 2024	$	251,668	168,799	13,204	1,780	62,895	-	498,346
Addition		-	1,139	1,791	1,607	31,558	26,114	62,209
Disposal		-	-	(2,511)	-	(41,121)	-	(43,632)
Balance as of December 31, 2024	$	251,668	169,938	12,484	3,387	53,332	26,114	516,923
Depreciation and impairment losses:								
Balance as of January 1, 2025	$	-	117,020	5,926	1,506	28,475	-	152,927
Depreciation for the year		-	2,774	2,824	565	40,193	-	46,356
Disposal		-	-	(91)	-	(33,422)	-	(33,513)
Balance as of December 31, 2025	$	-	119,794	8,659	2,071	35,246	-	165,770
Balance as of January 1, 2024	$	-	114,354	4,915	1,261	26,077	-	146,607
Depreciation for the year		-	2,666	3,522	245	42,818	-	49,251
Disposal		-	-	(2,511)	-	(40,420)	-	(42,931)
Balance as of December 31, 2024	$	-	117,020	5,926	1,506	28,475	-	152,927
Carrying amount:								
December 31, 2025	$	251,668	51,025	4,321	1,316	31,607	107,228	447,165
January 1, 2024	$	251,668	54,445	8,289	519	36,818	-	351,739
December 31, 2024	$	251,668	52,918	6,558	1,881	24,857	26,114	363,996

Please refer to Note 8 for more details on short-term borrowings and loan facility collateral as of December 31, 2025 and 2024.

(7) Right-of-use assets

Details on the changes in cost and depreciation for the other assets leased by the Company and recognized as right-of-use assets are as follows:

		Other assets
Cost of right-of-use assets:		
Balance as of January 1, 2025	$	6,588
Addition		2,132
Balance as of December 31, 2025	**$**	**8,720**
Balance as of January 1, 2024	$	5,930
Addition		4,440
Disposal		(3,782)
Balance as of December 31, 2024	**$**	**6,588**
Depreciation and impairment losses for right-of-use assets:		
Balance as of January 1, 2025	$	4,145
Depreciation recognized		3,610
Balance as of December 31, 2025	**$**	**7,755**
Balance as of January 1, 2024	$	4,587
Depreciation recognized		3,340
Disposal		(3,782)
Balance as of December 31, 2024	**$**	**4,145**
Carrying amount:		
December 31, 2025	**$**	**965**
January 1, 2024	**$**	**1,343**
December 31, 2024	**$**	**2,443**

(8) Investment properties

	Self-owned assets		
	Land and land improvements	**Buildings**	**Total**
Cost or identified cost:			
Balance as of January 1, 2025	$ 15,073	16,881	31,954
Balance as of December 31, 2025	**$ 15,073**	**16,881**	**31,954**
Balance as of January 1, 2024	$ 15,073	16,881	31,954
Balance as of December 31, 2024	**$ 15,073**	**16,881**	**31,954**
Depreciation and impairment losses:			
Balance as of January 1, 2025	$ -	10,699	10,699
Depreciation for the year	-	281	281
Balance as of December 31, 2025	**$ -**	**10,980**	**10,980**
Balance as of January 1, 2024	$ -	10,418	10,418
Depreciation for the year	-	281	281
Balance as of December 31, 2024	**$ -**	**10,699**	**10,699**
Carrying amount:			
December 31, 2025	**$ 15,073**	**5,901**	**20,974**
January 1, 2024	**$ 15,073**	**6,463**	**21,536**
December 31, 2024	**$ 15,073**	**6,182**	**21,255**
Fair value:			
December 31, 2025			**$ 45,172**
December 31, 2024			**$ 39,986**

Fair value assessments are carried out through the comparables approach and the direct capitalization income approach. In the comparables approach, the price of a surveyed target is estimated through comparing, analyzing, and adjusting the prices of comparable targets. In the direct capitalization income approach, the value of a property is determined by applying a capitalization rate to the effective net income expected to be collected from leasing the property. The capitalization rates adopted for 2025 and 2024 are as follows:

Region	**2025**	**2024**
Taichung	2.66%	2.71%

Investment properties refer to originally owner-occupied buildings that the Company has leased to a third party. Each lease contract includes an initial non-cancellable lease tenor of 1-3 years, with terms for continuing the lease subject to negotiations with the lessee, and no contingent rent being charged for these periods.

Please refer to Note 8 for more details on the Company's investment properties used for short-term borrowings and loan facility collateral as of December 31, 2025 and 2024.

(9) Intangible assets

Details on the changes in cost and amortization of the Company's intangible assets are as follows:

		Computer software	Trademarks	Total
Cost:				
Balance as of January 1, 2025	$	13,798	28,571	42,369
Balance as of December 31, 2025	**$**	**13,798**	**28,571**	**42,369**
Balance as of January 1, 2024	$	13,338	-	13,338
Separately acquired		460	28,571	29,031
Balance as of December 31, 2024	**$**	**13,798**	**28,571**	**42,369**
Amortization and impairment losses:				
Balance as of January 1, 2025	$	10,384	1,904	12,288
Amortization for the period		2,270	2,857	5,127
Balance as of December 31, 2025	**$**	**12,654**	**4,761**	**17,415**
Balance as of January 1, 2024	$	7,480	-	7,480
Amortization for the period		2,904	1,904	4,808
Balance as of December 31, 2024	**$**	**10,384**	**1,904**	**12,288**
Carrying amount:				
December 31, 2025	**$**	**1,144**	**23,810**	**24,954**
January 1, 2024	**$**	**5,858**	**-**	**5,858**
December 31, 2024	**$**	**3,414**	**26,667**	**30,081**

In 2024, the Company purchased trademark rights from Dragon Gate Enterprise Co., Ltd. for a transaction price of NT$28,571 thousand, in order to expand market scale and effectively increase revenue and profits. All required registration for the transfer has been completed as of May 6, 2024.

(A) Amortization expenses

Amortized expenses for intangible assets in 2025 and 2024 have been reported under the “Operating expenses” item in the Statement of Comprehensive Income.

(B) Collateral

As of December 31, 2025 and 2024, none of the Company’s intangible assets were pledged, used as collateral, or restricted.

(10) Short-term borrowings

	2025.12.31	2024.12.31
Unsecured bank borrowings	$ 138,431	91,809
Secured bank borrowings	80,000	100,000
Total	$ 218,431	191,809
Unused credit	$ 561,569	668,191
Interest rate range	1.01%~5.02%	1.87%~5.83%

Please refer to Note 6 (21) for detailed information on the Company’s exposure to foreign currency and liquidity risks.

(A) Issuance and repayment of bonds

In 2025 and 2024, the Company issued new bonds totaling NT$1,253,867 thousand and NT$1,893,316 thousand respectively, and repaid NT$ 1,227,245 thousand and NT$1,866,166 thousand respectively.

(B) Collateral for bank borrowings

Please refer to Note 8 for detailed information on the Company's registration of mortgages as collateral for bank borrowings.

(11) Other current liabilities

Details on the Company’s other current liabilities are as follows:

	2025.12.31	2024.12.31
Contract liabilities	$ 12,813	6,675
Refund liabilities - current	6,190	7,303
Collections for third parties	3,691	3,642
Other	-	2,705
Total	$ 22,694	20,325

(A) Refund liabilities - current

Refund liabilities refer to the estimated amounts recognized for returns expected from products sold to sales channel operators.

(12) Lease liabilities

The carrying amounts for the Company’s lease liabilities are as follows:

	2025.12.31	2024.12.31
Current	$ 968	2,462

Please refer to Note 6 (21) Financial Instruments for a maturity analysis.

The lease amounts recognized in profit or loss are as follows:

	2025	2024
Interest expense from lease liabilities	$ 25	59
Short-term lease expenses	$ 560	563
Expenses of low-value lease assets (excluding low-value leases for short-term leases)	$ 36	37

The amounts recognized for lease items in the Cash Flow Statement are as follows:

	2025	2024
Total cash outflow from leases	$ 4,247	4,099

(A) Leases for land, buildings, and structures

On May 15, 2023, the Company leased a building as a dormitory for a lease tenor of two years. On May 14, 2025, the lease was renewed for one year upon expiring.

On March 4 and September 18, 2024, the Company leased a building as a warehouse for a lease tenor of one and a half years, and one year. On September 30, 2025, the lease was renewed for half a year upon expiring.

(B) Other leases

The Company has leased company vehicles with a lease tenor of three years.

Additionally, the Company has leased parking spaces and photocopiers with lease tenors ranging from one to five years. Since these leases are short-term and for low-value underlying assets, the Company has chosen to apply the exemption allowed under recognition regulations to not recognize these leases as right-of-use assets and lease liabilities.

(13) Employee benefits

(A) Defined benefit plans

The Company has reconciled the present value of defined benefit obligations with the fair value of plan assets as follows:

		2025.12.31	2024.12.31
Present value of defined benefit obligations	$	(20,989)	(19,892)
Fair value of plan assets		20,440	17,680
Net defined benefit liabilities	**$**	**(549)**	**(2,212)**

The Company's defined benefit plan contributions are allocated to the dedicated labor pension reserve fund account at the Bank of Taiwan. The retirement payments for employees covered by the Labor Standards Act are calculated using a base number determined by the employee's number of years of service, and their average salary in the six months prior to their retirement.

(a) Composition of plan assets

The retirement funds allocated by the Company pursuant to the Labor Standards Act are managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the "Bureau of Labor Funds"). The Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund stipulate that, with regard to the utilization of the fund, the minimum earnings distributed on the final financial statement each year shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

As of the reporting date, the Company's balance in its dedicated labor retirement reserve fund account at the Taiwan Bank was NT$20,440 thousand. Please refer to the information published on the Bureau of Labor Funds, Ministry of Labor website for more information on the use of labor retirement fund assets, including the fund's rate of return and asset allocation.

(b) Changes in present value of defined benefit obligations

Changes in the present value of the Company's defined benefit obligations for 2025 and 2024 are as follows:

		2025	2024
Defined benefit obligations on January 1	$	19,892	19,891
Service costs and interest for the period		321	288
Remeasured net defined benefit liabilities (assets)			
- Actuarial gains or losses due to changes in financial assumptions		446	(574)
- Experience adjustments		330	792
Payments for plan benefits		-	(505)
Defined benefit obligations on December 31	**$**	**20,989**	**19,892**

(c) Changes in fair value of plan assets

Changes in the fair value of the Company's defined benefit plan assets for 2025 and 2024 are as follows:

		2025	2024
Fair value of plan assets on January 1	$	17,680	14,278
Interest income		284	189
Remeasured net defined benefit liabilities (assets)			
- Return on planned assets (excluding interest for the period)		1,162	1,170
Amount already allocated to plan assets		1,314	2,548
Payments for plan benefits already made		-	(505)
Fair value of plan assets on December 31	**$**	**20,440**	**17,680**

(d) Expenses recognized as profit or loss

Details on the expenses reported by the Company for 2025 and 2024 are as follows:

		2025	2024
Current service costs	$	23	45
Net interest for net defined benefit liabilities (assets)		14	54
	$	**37**	**99**
Selling expenses	$	32	85
Administrative expenses		5	14
	$	**37**	**99**

(e) Actuarial assumptions

The significant actuarial assumptions made by the Company when determining the present value of defined benefit obligations on the closing date of the financial reporting period are as follows:

	2025	2024
Discount rate	1.30%	1.50%
Future salary increases	1.00%	1.00%

The Company expects to pay NT$1,327 thousand in contributions to defined benefit plans within one year after the 2025 reporting date.

The weighted average duration for the defined benefit plan is 10.55 years.

(f) Sensitivity Analysis

The impact of changes in the key actuarial assumptions adopted on December 31, 2025 and 2024 on the present value of defined benefit obligations is as follows:

	Impact on defined benefit obligations	
	Increase of 0.50%	Decrease of 0.50%
December 31, 2025		
Discount rate (Change of 0.50%)	(1,052)	1,125
Future salary increases (Change of 0.50%)	1,111	(1,049)
December 31, 2024		
Discount rate (Change of 0.50%)	(1,068)	1,146
Future salary increases (Change of 0.50%)	1,134	(1,067)

The sensitivity analysis described above is an analysis of the effect of a change in a single assumption while other assumptions remain unchanged. In actual practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the methodology used for calculating the net defined benefit liabilities on the Balance Sheet.

The methods and assumptions adopted for the sensitivity analysis are the same as those adopted for the sensitivity analysis conducted in the previous period.

(B) Defined contribution plans

The Company’s defined contribution plan has been established pursuant to the Labor Pension Act. Contributions equal to 6% of an employee’s monthly salary is paid into their personal retirement fund account at the Bureau of Labor Insurance. Under this plan, after the Company has provided these fixed payments to the Bureau of Labor Insurance, we no longer have any legal or constructive obligation to make additional payments.

The Company’s pension expenses under this defined contribution plan for 2025 and 2024 amount to NT$22,919 thousand and NT$21,117 thousand respectively. These payments have already been provided to the Bureau of Labor Insurance.

(14) Income tax

(A) Income tax expenses

Details on the Company’s income tax expenses for 2025 and 2024 are as follows:

	2025	2024
Current income tax expenses		
Incurred in current period	$ 59,947	59,531
Deferred income tax expenses		
Origination and reversal of temporary differences	4,034	2,670
Income tax expenses	**$ 63,981**	**62,201**

Details on the Company’s income tax expenses recognized as other comprehensive income for 2025 and 2024 are as follows:

Notes to Munsin Garment Corporation Financial Statement (Continued)

	2025		2024
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plan	$	77	190
Items that may be reclassified to profit or loss:			
Exchange differences arising from the translation of the financial statements of foreign operations	$	24	969

The reconciliation between the Company's income tax expense and pre-tax profit for 2025 and 2024 are as follows:

	2025		2024
Pre-tax profit	$	319,895	310,275
Income tax calculated based on the domestic tax rate of the Company's location	$	63,979	62,055
Permanent difference		2	146
Total	$	63,981	62,201

(B) Deferred income tax assets and liabilities

(a) Recognized deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities for 2025 and 2024 are as follows:

	Defined benefit plans		Other	Total
Deferred income tax liabilities:				
Balance as of January 1, 2025	$	17,644	6,486	24,130
Debit (Credit) to Income Statement		256	4,069	4,325
Balance as of December 31, 2025	$	17,900	10,555	28,455
Balance as of January 1, 2024	$	17,154	5,510	22,664
Debit (Credit) to Income Statement		490	976	1,466
Balance as of December 31, 2024	$	17,644	6,486	24,130
Deferred income tax assets:				
Balance as of January 1, 2025	$	18,087	13,663	31,750
(Debit) Credit to Income Statement		-	291	291
(Debit) Credit to Other Comprehensive Income		(77)	(24)	(101)
Balance as of December 31, 2025	$	18,010	13,930	31,940
Balance as of January 1, 2024	$	18,277	15,836	34,113
(Debit) Credit to Income Statement		-	(1,204)	(1,204)
(Debit) Credit to Other Comprehensive Income		(190)	(969)	(1,159)
Balance as of December 31, 2024	$	18,087	13,663	31,750

(C) Circumstances surrounding income tax approval

The Company's profit-seeking enterprise income tax returns up to 2023 have been submitted to and approved by the tax authorities.

(15) Capital and other equity

As of December 31, 2025 and 2024, the Company's total authorized share capital was NT$1,000,000 thousand, with the Company having 100,000 thousand shares at NT$10 par value per share. All issued shares have been common stock, and 64,627 thousand shares have been issued. All proceeds from issued shares have been received.

(A) Issue of common stock

On April 1, 2024, the Company's Board of Directors passed a resolution to issue 10,000 thousand new shares with a par value NT$10 at an issue price of NT$42, for a total amount of NT$420,000 thousand. The share issue date was set as July 19, 2024, and all legal procedures for registering these shares were completed on August 28, 2024. All proceeds from the share issue have been received.

(B) Capital surplus

		2025.12.31	2024.12.31
Contributed capital in excess of par	$	463,159	463,159
Expired stock options		507	507
	$	**463,666**	**463,666**

Pursuant to the Company Act, capital surplus must first be used to offset losses before realized capital surplus can be used to issue new shares or cash to shareholders in proportion to their original shareholdings. The realized capital surplus referred to above includes surplus from issuing shares in excess of par, and income from gifted assets received. Pursuant to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total capital surplus that may be allocated to capital each year shall not exceed 10% of paid-in capital.

(C) Retained earnings

Pursuant to the Company's Articles of Incorporation, the Company shall first use any retained earnings after the final financial statement of the year to pay taxes and offset any accumulated losses from previous years, then allocate 10% of the remainder as legal reserve, except when the legal reserve has already reached the Company's paid-in capital. Additionally, the Company shall set aside a special surplus reserve as required by the Company's operating needs and legal requirements. Should there still be any retained earnings remaining, the Board of Directors shall propose an earnings distribution plan for these remaining earnings together with any undistributed earnings from the start of the period, and submit this plan to the shareholders' meeting for resolution.

(a) Legal reserve

If the Company has not incurred a loss, the legal reserve may be distributed as new shares or cash through a shareholders' meeting resolution. However, the reserves distributed shall not exceed 25% of paid-in capital.

(b) Special surplus reserve

Additionally, when distributing distributable earnings, the Company shall allocate net reductions in shareholders' equity recognized for the year together with the net profit after tax items and other items apart from net profit after tax for the period recognized as undistributed earnings for the period, and together with the undistributed earnings for the previous period, as special surplus reserve, pursuant to FSC regulations. The reductions in other shareholders' equity items for the previous period accumulated from previous periods shall be allocated together with undistributed earnings from the previous period as special surplus reserve, and not distributed. If reductions in shareholders' equity are reversed in the future, the amount reversed may be allocated as distributable earnings.

(c) Distribution of earnings

The Company's Board of Directors passed resolutions on March 12, 2025 and March 8, 2024 to distribute earnings for 2024 and 2023 respectively as cash dividends. The shareholders' meeting then passed resolutions approving the distribution of other earnings for 2024 and 2023 on May 28, 2025 and May 29, 2024, respectively. The amounts distributed as dividends to shareholders are as follows:

	2024		2023	
	Stock dividend rate (NT$)	**Amount**	**Stock dividend rate (NT$)**	**Amount**
Dividends distributed to shareholders of common stock:				
Cash	$ 3.60	232,657	4.00	218,507

The Company's Board of Director's passed the 2025 earnings distribution proposal on March 11, 2026. The amounts distributed as dividends to shareholders are as follows:

	2025	
	Stock dividend rate (NT$)	**Amount**
Dividends distributed to shareholders of common stock:		
Cash	$ 3.60	232,657

The earnings distribution described above is consistent with the resolution passed by the Company's Board of Directors. Details on the Company's earnings distributions in past years and other related information can be looked up on the Market Observation Post

System.

(D) Other equity interests (net amount after tax)

The items listed under equity interests are the currency translation differences (net amount after tax) recognized on the financial statements for the Company’s foreign operations.

		Exchange differences arising from the translation of the financial statements of foreign operations
Balance as of January 1, 2025	$	(8,103)
Currency translation differences arising from converting net assets from foreign operations		98
Balance as of December 31, 2025	**$**	**(8,005)**
Balance as of January 1, 2024	$	(11,979)
Currency translation differences arising from converting net assets from foreign operations		3,876
Balance as of December 31, 2024	**$**	**(8,103)**

(16) Share-based payments - capital increase by cash reserved for employee stock purchase plans

On April 1, 2024, the Company's Board of Directors passed a resolution to conduct a capital increase by cash as follows:

	Equity settlements Capital increase by cash reserved for employee stock purchase plans
Grant date	2024.6.8
Number of shares granted	931 thousand shares
Recipients	Employees of the Company
Vesting conditions	Immediately vesting

(A) Parameters used to measure fair value on issue date

The Company uses the Black-Scholes option valuation model to estimate the fair value of the share-based payment provided on the issue date. The input parameters used for the model are as follows:

	2024
	Capital increase by cash reserved for employee stock purchase plans
Fair value on grant date	18.76
Share price on grant date	60.70
Exercise price	42
Expected volatility (%)	26.21%
Stock option exercise duration (years)	0.116
Expected dividends	- %
Risk-free interest rate (%)	1.2850%

(B) Employee expenses and liabilities

In 2024, the Company recognized NT$17,466 thousand in remuneration costs for capital increases by cash reserved for employee stock purchase plans. The same amount was recognized as capital surplus - employee stock purchase options. After fully receiving all payment for these stock options, this amount is transferred to the capital surplus - stock issue premiums item. Stock options were not exercised for 27 thousand shares, resulting in NT$507 thousand being transferred from capital surplus - employee stock purchase options to capital surplus - expired stock options.

(17) Earnings per share

Calculations for the Company's basic earnings per share and diluted earnings per share are as follows:

	2025	**2024**
Basic earnings per share		
Net profit attributable to common stock shareholders of the Company	**$ 255,914**	**248,074**
Weighted average number of common stocks outstanding	64,627	59,163
Basic earnings per share (NT$)	**$ 3.96**	**4.19**

		2025	2024
Diluted earnings per share			
Net profit attributable to common stock shareholders of the Company (after adjusting for impact of potential dilution from common stocks)	$	255,914	248,074
Weighted average number of common stocks outstanding		64,627	59,163
Impact of employee stock remuneration		242	232
Weighted average number of common stocks outstanding (after adjusting for impact of potential dilution from common stocks)		64,869	59,395
Diluted earnings per share (NT$)	$	3.95	4.18

(18) Revenue from contracts with customers

(A) Revenue breakdown

		2025	2024
Key regional markets:			
Taiwan	$	1,958,266	1,920,166
Main products:			
Men's clothing	$	1,543,121	1,509,580
Women's clothing		398,024	393,683
Other		17,121	16,903
	$	1,958,266	1,920,166
Sales channels:			
Goods directly sold to customers	$	1,893,728	1,834,476
Goods sold through distributors		47,417	68,787
Other		17,121	16,903
	$	1,958,266	1,920,166

(B) Contract balance

		2025.12.31	2024.12.31	2024.1.1
Notes and accounts receivable	$	360,645	383,696	357,183
Minus: Loss provisions		(196)	(196)	(196)
Total	$	360,449	383,500	356,987
Contract liabilities (Other current liabilities recognized)	$	12,813	6,675	4,661

Please refer to Note 6 (2) for more information on accounts receivables and related impairment losses.

The opening balances for contract liabilities on January 1, 2025 and 2024 were recognized as revenue in 2025 and 2024, and amount to NT$1,902 thousand and NT$19 thousand respectively.

(19) Employee bonuses and directors' remuneration

On May 28, 2025, the shareholders' meeting passed a resolution to amend the Company's Articles of Incorporation. Based on the amended Article of Incorporation, should the Company make a profit for the year, 2-4% of this profit shall be allocated as employee remuneration (total remuneration for rank-and-file employees shall be no lower than 40% of the total employee remuneration amount), and no more than 2% shall be allocated as directors' and supervisors' remuneration. However, in the event the Company has sustained cumulative losses, any profit made shall first be retained to make up for losses. The recipients of the employee remuneration described above in the form of shares or cash may include employees of companies controlled by the Company or subsidiaries who meet certain requirements. Before the amendment, the previous Articles of Incorporation stipulated that if the Company had made a profit of the year, it shall allocate 2-4% of this profit as employee remuneration and no more than 2% as directors' remuneration. However, in the event the Company has sustained cumulative losses, any profit made shall first be retained to make up for losses. The recipients of the employee remuneration described above in the form of shares or cash may include employees of companies controlled by the Company or subsidiaries who meet certain requirements.

The amounts recognized for estimated employee remuneration for 2025 and 2024 were NT$10,102 thousand (with no less than NT$4,041 thousand allocated to rank-and-file employees) and NT$9,798 thousand, respectively. The amounts recognized for estimated director's remuneration were NT$6,735 thousand and NT$6,532 thousand respectively. These estimated amounts are calculated based on the Company's pre-tax profit for each period before employee and directors' remuneration is deducted, multiplied by the percentage for employee and directors' remuneration stipulated in the Company's Articles of Incorporation. These estimated amounts are recognized as operating costs or operating expenses for the 2025 and 2024 periods. The amount of employee and directors' remuneration approved by the Board of Directors through a resolution described above is the same as the estimated amount recognized by the Company in the 2025 and 2024 financial statements.

(20) Non-operating income and expense

(A) Interest income

Details on the Company's interest income for 2025 and 2024 are as follows:

		2025	2024
Interest from bank deposits	$	2,084	1,190
Other interest income		9	75
	$	2,093	1,265

(B) Other income

Details on the Company's other income for 2025 and 2024 are as follows:

		2025	2024
Royalty income	$	1,753	1,238
Other income		5,209	4,289
	$	6,962	5,527

(C) Other gains and losses

Details on the Company's other gains and losses for 2025 and 2024 are as follows:

		2025	2024
Foreign exchange gains (losses)	$	3,336	461
Losses on the disposal of property, plant and equipment		(1,133)	(701)
Other (losses) gains		(100)	1,555
	$	2,103	1,315

(D) Finance costs

Details on the Company's finance costs for 2025 and 2024 are as follows:

		2025	2024
Interest expenses	$	4,576	5,129

(21) Financial instruments

(A) Credit risk

(a) Maximum exposure to credit risk

The total carrying amount for financial assets represents the maximum exposure to credit risk.

(b) Credit risk concentration

As of December 31, 2025 and 2024, the concentrated credit risk represented by the Company's three most significant customers accounted for 51% and 49% of total receivables, respectively. The collection of these receivables remains stable, and the Company does not expect to incur impairment losses.

(c) Credit risks for accounts receivables

Please refer to Note 6 (2) for details on the credit risk exposure of the Company's notes receivables and accounts receivables.

Other financial assets at amortized cost, including other receivables.

All of the financial assets described above possess low credit risk. Therefore, the expected credit losses over twelve months have been used to measure the loss provisions made for this period. (Please refer to Note 4 (6) for more details on how the Company determined credit risk as low.) After an assessment, the Company found no significant credit impairment for other financial assets at amortized cost. Therefore, no loss provisions have been made.

(B) Liquidity risks

Contract maturity dates for financial liabilities are displayed in the table below. These amounts include estimated interest but exclude the effects of netting agreements.

	Carrying amount	Contractual cash flow	Within 6 months	6-12 months	1 to 2 years	2 to 5 years	More than 5 years
December 31, 2025							
Non-derivative financial liabilities							
Accounts payable and other payables	$ 162,078	162,078	138,467	23,611	-	-	-
Unsecured bank borrowings	138,431	141,147	141,147	-	-	-	-
Secured bank borrowings	80,000	80,152	80,152	-	-	-	-
Guarantee deposits received (Other non-current liabilities recognized)	39,204	39,204	-	-	120	39,084	-
Lease liabilities	968	970	970	-	-	-	-
	$ 420,681	423,551	360,736	23,611	120	39,084	-
December 31, 2024							
Non-derivative financial liabilities							
Accounts payable and other payables	$ 176,209	176,209	153,351	22,858	-	-	-
Unsecured bank borrowings	91,809	93,666	93,666	-	-	-	-
Secured bank borrowings	100,000	100,231	100,231	-	-	-	-
Guarantee deposits received (Other current and non-current liabilities)	36,704	36,704	84	2,620	23,500	10,500	-
Lease liabilities	2,462	2,477	1,712	765	-	-	-
	$ 407,184	409,287	349,044	26,243	23,500	10,500	-

The Company does not expect the timing of occurrence of the cash flows estimated using the maturity date to be significantly earlier, or the actual cash flow amount to be significantly different.

(C) Foreign exchange risks

(a) Exposure to foreign exchange risks

The Company's financial assets and liabilities exposed to significant foreign exchange risks are as follows:

	2025.12.31			2024.12.31		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets						
Monetary items						
USD	$ 77	31.430	2,420	68	32.790	2,230
JPY	143,408	0.2008	28,796	108,339	0.2099	22,740
CNY	82	4.496	369	30	4.478	134
Financial liabilities						
Monetary items						
USD	3,025	31.430	95,076	2,296	32.790	75,286
JPY	10,435	0.2008	2,095	6,159	0.2099	1,293
CNY	9,507	4.496	42,743	480	4.478	2,149

(b) Sensitivity analysis

The main foreign exchange risk that the Company's monetary items face arise from the potential foreign exchange gains and losses from translating cash and cash equivalents, other receivables, borrowings, accounts payable, and other payables denominated in a foreign currency. Assuming that the New Taiwan Dollar either depreciates or appreciates by 5% against the US dollar, Japanese Yen, or Chinese Yuan as of December 31, 2025 and 2024, and other factors remain unchanged, net profit after tax for 2025 and 2024 shall reduce or increase by NT$4,333 thousand and NT$2,145 thousand. Both periods have been analyzed using the same comparison basis.

(c) Foreign exchange gains or losses on monetary items

Details on the foreign exchange gains or losses amounts (including both realized and realized gains or losses) from converting the Company's monetary items into the functional currency, and the exchange rate used for conversion into the Company's presentation currency, are as follows:

	2025		2024	
	Exchange gain (loss)	**Average exchange rate**	**Exchange gain (loss)**	**Average exchange rate**
NTD	$ 3,336	-	461	-

(D) Interest rate analysis

The interest rate risk faced by the Company's financial assets and liabilities are described in the section on liquidity risk management of this Note.

The sensitivity analysis below is based on the interest rate risks faced by derivative and non-derivative instruments on the reporting date. For floating interest rate liabilities, the analysis assumes that outstanding liabilities as of the reporting date have been outstanding for that entire year. An increase or decrease of 100 basis points in the interest rate is the interest rate change used internally by the Company when reporting on interest rates to management. This represents management's assessment of a reasonable range for potential interest rate changes.

Should interest rates increase or decrease by 1% (100 basis points), and all other variables remain unchanged, the Company's net profit after tax for 2025 and 2024 will decrease or increase by NT$567 thousand and NT$335 thousand, mainly due to the Company's variable interest rate borrowings and bank deposits.

(E) Fair value information

(a) Financial instrument categories and fair value

The carrying amount and fair values for the Company's various financial assets and liabilities are presented below (including fair value hierarchy information, but excluding financial instruments with carrying amounts measured not based on fair value but on a reasonable approximation of fair value, and lease liabilities, as the fair value of these items do not need to be disclosed pursuant to regulations):

	2025.12.31
	Carrying amount
Financial assets at amortized cost	
Cash and cash equivalents	$ 199,100
Notes receivable and accounts receivable	360,449
Refundable deposits (Other non-current assets recognized)	2,005
Total	**$ 561,554**
Financial liabilities at amortized cost	
Short-term borrowings	$ 218,431
Accounts payable	21,942
Other payables	140,136
Lease liabilities	968
Guarantee deposits received (Other non-current liabilities recognized)	39,204
Total	**$ 420,681**

		2025.12.31
		Carrying amount
Financial assets at amortized cost		
Cash and cash equivalents	$	267,667
Notes receivable and accounts receivable		383,500
Refundable deposits (Other non-current assets recognized)		2,624
Total	**$**	**653,791**
Financial liabilities at amortized cost		
Short-term borrowings	$	191,809
Accounts payable		31,249
Other payables		144,960
Lease liabilities		2,462
Guarantee deposits received (Other current and non-current liabilities)		36,704
Total	**$**	**407,184**

(22)Financial risk management

(A) Overview

The use of financial instruments has exposed the Company to the following risks:

(a) Credit risk

(b) Liquidity risks

(c) Market risks

This Note presents information on the various risks described above that the Company is exposed to, and the Company's objectives, policies, and procedures for measuring and managing risk. For further quantitative disclosures, please refer to the relevant notes to the Company's Financial Statement.

(B) Risk management framework

The President's Office is responsible for developing and managing the Company's risk management policies. The Office reports on these operations to the Board of Directors when necessary.

The Company has established risk management policies with the objectives of identifying and analyzing risks faced by the Company, setting appropriate risk limits and controls, and monitoring compliance with risks and risk limits. Risk management policies and systems are regularly reviewed to ensure that they reflect changes in market conditions and the Company's business operations. The Company has developed a disciplined and constructive control environment through establishing training, management rules, and operating procedures, enabling all employees to understand their roles and responsibilities.

The Company's Board of Directors supervises how management monitors compliance with the Company's risk management policies and procedures, and reviews whether the risk management framework adopted to address the risks that the Company faces is appropriate. Internal auditors assist the Company's Board of Directors in carrying out their supervisory role. They conduct both regular and special reviews of risk management controls and procedures, and report their review results to the Board of Directors.

(C) Credit risk

The Company faces credit risks where customers, or the counterparties of financial instruments, become unable to fulfill their contractual obligations, leading to the risk of financial losses to the Company. This mainly arises from the Company's accounts receivable from customers.

(a) Accounts receivable and other receivables

The Company's exposure to credit risk is mainly affected by the individual circumstances of each customer. However, management also considers the basic information of each of the Company's customers, including the default risk for the customer's industry or country, as these factors may affect credit risk. Approximately 40% and 38% of the Company's total revenue for 2025 and 2024 respectively comes from three customers.

The Company has established a credit policy where the credit rating for each customer is analyzed individually before offering standard payment and shipping conditions.

When monitoring customer credit risk, the Company groups customers based on their credit characteristics, on whether they are a distributor, retailer, or end customer, as well as their location, industry, accounts receivable aging, due date, and whether they have previously been in any financial difficulties. The Company's accounts receivables are mostly due from department stores.

(b) Guarantees

The Company's policy stipulates that financial guarantees are to be provided for companies which we have business relations with, companies in which we directly or indirectly hold more than 50% of voting shares in, and companies which directly or indirectly hold more than 50% of the Company's voting shares. As of December 31, 2025 and 2024, the Company has not provided any endorsements or guarantees.

(D) Liquidity risks

Liquidity risks refer to the risk of the Company becoming unable to provide cash or other financial assets to settle financial liabilities, defaulting on these financial obligations.

The Company manages liquidity by ensuring, to the best of our ability, that we possess sufficient liquidity under both normal and stressful operating conditions to make payment for liabilities that become due, to the extent that we avoid incurring unacceptable losses or the risk of damage to company reputation.

The Company sets spring-summer and autumn-winter procurement and operating budgets to help monitor cash flow needs. Generally, the Company ensures that sufficient cash is available to cover expected operating expenses for ninety days, including the fulfillment of financial obligations. However, this does not account for the potential impact of extreme events that cannot be reasonably predicted, such as: Natural disasters. Additionally, the Company had NT$561,569 thousand and NT$668,191 thousand in unused borrowings in December 31, 2025 and 2024.

(E) Market risks

Market risks refer to the risk of changes in market prices, such as changes in exchange rates, interest rates, and equity instrument prices, which may cause risks to the Company's income or the value of held financial instruments. The objective of managing market risk is to control market risk exposure to within an acceptable range while optimizing investment returns.

(a) Foreign exchange risks

The Company is exposed to exchange rate risk arising from the sales, procurement, and loan transactions not denominated in the functional currency of companies in our corporate group. These transactions are mainly denominated in the New Taiwan Dollar, Chinese Yuan, US Dollar, and Japanese Yen.

The Company holds an appropriate amount of foreign currency as a hedging strategy, and does not engage in the trading of any derivative products. This allows foreign exchange risks to be controlled within a specified range that does not significantly impact the Company's operations.

Loan interest is denominated in the same currency as the loan principal. Generally, the currency that a loan is denominated in is the same as the currency of cash flows generated from the Company's operating activities. This is mainly the New Taiwan Dollar, but also includes some Japanese Yen, US dollar, and Chinese Yuan amounts. Under these circumstances, the Company is able to create an economic hedge without needing to enter into contracts for derivative instruments. Therefore, the hedge accounting approach has not been adopted.

Should short-term imbalances occur in other monetary assets and liabilities denominated in foreign currency, the Company ensures that net risk exposure is maintained at an acceptable level by buying or selling foreign currencies at the spot exchange rate.

(23) Capital management

The Board of Director's policy is to maintain a solid capital foundation in order to maintain investor, creditor, and market confidence, and to support future operations. This capital includes the Company's share capital, capital surplus, and retained earnings. The Board of Directors manages the Company's return on capital and amount of common stock dividends distributed.

The debt-to-capital ratio on the reporting date is as follows:

	2025.12.31	2024.12.31
Total liabilities	$ 500,894	479,605
Minus: Cash and cash equivalents	(199,100)	(267,667)
Net liabilities	**$ 301,794**	**211,938**
Total equity	**$ 1,632,288**	**1,608,624**
Debt-to-capital ratio	**18.49%**	**13.18%**

As of December 31, 2025, the Company's capital management methods have remained unchanged.

(24) Non-cash investing and financing activities

The Company's non-cash investing and financing activities for 2025 and 2024 are as follows:

(A) Please refer to Note 6 (7) for assets acquired through leasing activities.

Adjustments to liabilities from financing activities are as follows:

			Non-cash changes			
	2025.1.1	**Cash flows**	**Other**	**Exchange rate changes**	**Changes in fair value**	**2025.12.31**
Short-term borrowings	$ 191,809	26,622	-	-	-	218,431
Lease liabilities	2,462	(3,626)	2,132	-	-	968
Total liabilities from financing activities	**$ 194,271**	**22,996**	**2,132**	**-**	**-**	**219,399**

			Non-cash changes			
	2024.1.1	**Cash flows**	**Other**	**Exchange rate changes**	**Changes in fair value**	**2024.12.31**
Short-term borrowings	$ 164,659	27,150	-	-	-	191,809
Lease liabilities	1,462	(3,440)	4,440	-	-	2,462
Total liabilities from financing activities	**$ 166,121**	**23,710**	**4,440**	**-**	**-**	**194,271**

7. Related-party transactions

(1) Name and relationship of related parties

The following are the related parties who had engaged in transactions with the Company during the reporting period for the Financial Statement:

Names of related parties	Relationship with the Company
Descente Ltd.	Entities with significant influence over the Company
Descente Japan Ltd.	Other related party

(2) Major transactions with related parties

(A) Purchase of goods

The amounts for goods purchased by the Company from related parties are as follows:

	2025	2024
Other related party		
Descente Japan Ltd.	$ 311,380	338,977

The Company has no other transactions with comparable purchase prices to the above purchase from a related party. The payment terms required an irrevocable letter of credit and payment upon delivery, which does not substantially differ from the payment terms for transactions with ordinary suppliers.

(B) Other current assets

Details on the Company's other current assets are as follows:

Account item	Type of related party	2025.12.31	2024.12.31
Other current assets	Other related party	$ 34	8

Other current assets mainly consist of receivables from rented shoe molds and product returns.

(C) Accounts payable to related parties and other current liabilities

Details on the Company's payables to related parties are as follows:

Account item	Type of related party	2025.12.31	2024.12.31
	Other related party		
Accounts payable	Descente Japan Ltd.	$ 236	3,549
	Entities with significant influence over the Company		
Other payables	Descente Ltd.	18,103	18,317
Other payables	Other related party	-	3
		$ 18,339	21,869

(D) Other

(a) The amounts that the Company has collected from related parties for refunds of defective products and other income are as follows:

		2025	2024
Other related party	$	27	77

(b) The royalty amounts that the Company has paid to related parties and other expenditures are as follows:

		2025	2024
Entities with significant influence over the Company	$	37,129	38,551
Other related party		269	57
	$	37,398	38,608

(3) Transactions by key management personnel

Remuneration provided to key management personnel includes:

		2025	2024
Short-term employee benefits	$	25,531	24,739
Post-employment benefits		281	270
Share-based payments		-	1,313
	$	25,812	26,322

8. Pledged assets

Details on the carrying amount of secured assets pledged by the Company are as follows:

Name of asset	Pledged collateral		2025.12.31	2024.12.31
Net investment properties	Bank borrowings and loan facilities	$	20,974	21,255
Property, plant and equipment	Bank borrowings and loan facilities		145,365	147,258
Refundable deposits (Other non-current assets recognized)	Lease deposits		2,005	2,624
		$	168,344	171,137

9. Significant contingent liabilities and unrecognized contractual commitments

(1) Letters of credit issued to but not used by the Company:

		2025.12.31	2024.12.31
USD	$	1,930	2,214
Japanese Yen		158,926	221,870
CNY		5,118	7,641

(2) The contractual commitments that the Company has made to acquire property, plant, and equipment that have not been recognized are as follows:

In order to meet our medium to long-term development needs, the Company’s Board of

Directors passed a resolution on January 17, 2024 to enter into a contract hiring De Te Si Te Engineering Co., Ltd. to construct a warehouse. The total contract price was NT$170,000 thousand. As of December 31, 2025, NT$110,500 thousand has already been paid under the contract (recognized as property, plant and equipment - construction in progress). The Company will pay another NT$25,500 thousand on March 4, 2026.

(3) Other:

(A) The Company has entered into a five year trademark licensing contract with Company A, which stipulates a minimum purchase amount. During the contract period, the Company shall pay royalties based on a specified percentage of the net sales amount for the licensed product. Some of the products stipulated in the contract also have a specified minimum royalty payment amount.

(B) The Company has entered into a five-year trademark licensing contract with Company C, and in October 2025 renewed the contract period for an additional two years. During the contract period, the Company shall pay royalties based on a specified percentage of the net sales amount for the licensed product. The contract also stipulates a minimum royalty payment amount.

(C) The Company has entered into a five year trademark licensing contract with Company D. During the contract period, the Company shall pay royalties based on a specified percentage of the net sales amount for the licensed product.

10. Significant disaster loss: None.

11. Major subsequent events: None.

12. Other

(1) Employee benefits and depreciation expenses summarized by function are as follows:

Function / Type	2025			2024		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expenses						
Salary expenses	13,737	377,906	391,643	12,867	377,755	390,622
Labor and health insurance fees	1,588	46,736	48,324	1,441	43,647	45,088
Pension expenses	742	22,214	22,956	695	20,521	21,216
Remuneration for directors	-	14,085	14,085	-	13,903	13,903
Other employee benefit expenses	-	16,936	16,936	-	16,408	16,408
Depreciation expenses	-	50,247	50,247	-	52,872	52,872
Amortization expenses	-	5,127	5,127	-	4,808	4,808

Additional details on the Company's total number of employees and employee benefit expenses for 2025 and 2024 are as follows:

	2025	2024
Number of employees	697	684
Number of directors who do not hold concurrent employee positions	7	8
Average employee benefit expense	$ 695	700
Average employee salary expense	$ 568	578
Average adjusted employee salary expenses	(1.73)%	3.96%
Remuneration for supervisors	$ -	-

The Company's salary and remuneration policy for 2025 and 2024 (including for directors, supervisors, managers, and employees) are as follows:

The Company's salary and compensation policy for managers and employees takes not only supply and demand conditions in the labor market into consideration, but also each individual's qualifications and professional expertise, in order to provide a reasonable salary assessment. The salary package consists mainly of a monthly salary and a year-end bonus. The amount provided as a year-end bonus is determined by how much the employee has contributed to the Company's business operations and their annual performance evaluation.

The Board of Directors is authorized to determine the salary and remuneration policy for directors and supervisors based on their participation in the Company's operations, the value of their contributions, and prevailing domestic rates in the industry.

(2) Business seasonality:

The Company's revenue fluctuates seasonally due to the impact of promotional activities, such as department store anniversary sales. This leads to relatively higher revenue in the first and fourth quarters of the year.

13. Supplementary disclosures

(1) Information on significant transactions

The following information are disclosures on the significant transactions that the Company carried out in 2025, as required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers:

(A) Loans to others: None.

(B) Provision of endorsements and guarantees to others: None.

(C) Significant securities holdings at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures): None.

(D) Purchase or sale of goods from or to related parties reaching or exceeding NT$100 million or 20% of paid-in capital:

Unit: NT$ thousand

Purchasing (Selling) Company	Transaction counterparty	Relationship	Transaction information				Differences in transaction terms compared to ordinary transactions		Notes and accounts receivable (payable)		Remarks
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable (payable)	
The Company	Descente Japan Limited	Other related party	Purchase of goods	311,380	34%	Obtained an irrevocable letter of credit and provided payment upon delivery	-		(236)	1%	

(E) Receivables from related parties reaching or exceeding NT$100 million or 20% of paid-in capital: None.

(2) Information on investee companies (excluding the investees in Mainland China):

The following is information on the Company's investees in 2025:

Unit: NT$ thousand/thousand shares

Name of investing company	Name of investee	Location	Main business activities	Initial investment amount		Holdings at the end of period			Net profit (loss) of investee for the period	Investment income (loss) recognized by the Company for the period	Remarks
				End of the period	End of last year	Number of shares	Percentage	Carrying amount			
The Company	Bidford Holdings Limited	SAMOA	Investment industry	124,114	124,114	2,900	25.69%	166,883	136,548	35,074	

Note 1: The investment gains and losses recognized for the period are based on the audited financial statements of the investee.

(3) Information on investments in Mainland China:

(A) Information on investees in Mainland China:

Unit: NT$ thousand

Investees in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Opening balance of accumulated fund transfer from Taiwan	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the period		Ending balance of accumulated fund transfer from Taiwan	Net profit (loss) of investee for the period	Ownership held directly or indirectly by the Company	Investment income (loss) recognized by the Company for the period (Note 2.2(1))	Ending carrying amount of investment	Investment gains transferred back to Taiwan as of the end of the period
					Remitted to Mainland China	Remitted back to Taiwan						
Munsin (Shanghai) Trading Co., Ltd	Import, export, trading, and sales of various types of clothing	389,418	2	124,114	-	-	124,114	136,510	25.69%	35,064	166,860	44,890

(B) Limit for investments into Mainland China:

Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Upper limit on investment authorized by MOEAIC
124,114	124,114	979,372

Note 1: The methods for engaging in investment in Mainland China are categorized into the following three types. Please specify the type:
1. The Company remits its own funds directly to investee companies located in Mainland China.
2. The Company invests in Mainland China through another company located in a third region.
3. Other methods.

Note 2: Investment income (loss) recognized by the Company for the period:
1. Indicate if preparations are still being made, and no investment profits or losses have occurred.
2. Specify which of the three methods below have been used to recognize investment profit or loss.
(1) Financial statements audited by an international CPA firm which has a partnership with a CPA firm in the Republic of China.
(2) Financial statements audited by the CPA firm for the Taiwanese parent company.
(3) Other.

Note 3: The upper limit is the higher of either 60% of net asset value or consolidated net asset value, or NT$80 million.

Note 4: Figures provided in this table for amounts denominated in a foreign currency are presented in New Taiwan Dollars, converted based on the exchange rate on the financial statement reporting date.

Note 5: Munsin (Shanghai) Trading Co., Ltd. is a company invested in by Bidford Holdings Limited, which Munsin Garment Corporation has directly invested in.

(C) Significant transactions:

Please refer to the “Information on Significant Transactions” section for details on any significant direct or indirect transactions between the Company and our Mainland China investee in 2025 and 2024.

14. Information on operating segments

(1) General information

The Company’s main business activities include the manufacturing and sale of various garments and knitwear, acting as a product distribution, bidding, and quoting agent for domestic and international brands, and the import and export trade operations related to these business activities. Therefore, the Company’s chief operating decision-maker believes that the Company only has a single operating segment.

(2) The Company has only one operating segment, and the segment’s income, assets, and liabilities are consistent with that reported in the Financial Statement. Please refer to the Balance Sheet and Income Statement for more details.

(3) Product and service categories

The Company’s revenue from external customers are as follows:

Product and service name	2025	2024
Men's clothing	$ 1,543,121	1,509,580
Women's clothing	398,024	393,683
Other	17,121	16,903
Total	$ 1,958,266	1,920,166

(4) Information by region

Information on the Company’s operations in each region are as follows. Revenue is categorized according to the customer’s geographic location, while non-current assets are categorized based on the asset’s geographic location.

Region	2025	2024
Revenue from external customers:		
Taiwan	$ 1,958,266	1,920,166

Region	2025.12.31	2024.12.31
Non-current assets:		
Taiwan	$ 494,058	417,775

Non-current assets include property, plant, and equipment, investment properties, intangible assets and right-of-use assets, but exclude financial instruments, deferred income tax assets, and other assets.

(5) Information on key customers

	2025	2024
Customer A	$ 287,236	284,638
Customer B	282,427	216,139
Customer C	223,319	219,770
Customer D	189,260	224,903
Total	$ 982,242	945,450

Munsin Garment Corporation

Statement of cash and cash equivalents

December 31, 2025 **Unit: NT$ thousand**

Item	Summary	Amount
Cash		$ 1,116
Bank deposits	Demand deposits	146,641
	Foreign currency deposits USD 76 thousand	31,313
	CNY 82 thousand	
	JPY 142,244 thousand	
	Time deposits	20,000
	Cheque deposits	30
	Subtotal	197,984
Total		**$ 199,100**

Statement of notes receivable

Customer name	Summary	Amount	Remarks
Non-related party:			
BW008	Payment	$ 777	
BD001	〃	510	
CW540	〃	230	
CW407	〃	200	
Other		1,581	No amount for an individual customer exceeds 5%.
Total		**$ 3,298**	

Munsin Garment Corporation

Statement of accounts receivable

December 31, 2025 **Unit: NT$ thousand**

Customer name	Summary	Amount		Remarks
Non-related party:				
Customer C	Payment	$	76,384	
Customer B	〃		57,648	
Customer D	〃		47,152	
Customer A	〃		42,996	
Customer E	〃		27,801	
Other			105,366	No amount for an individual customer exceeds 5%.
Subtotal			357,347	
Minus: Loss provisions			(196)	
Total		**$**	**357,151**	

Statement of Inventories

Item	Summary	Amount			Remarks
		Cost		Net realizable value	
Raw materials		$	2,870	2,640	
Work in process			4,806	4,806	
Merchandise			887,524	1,428,912	
Subtotal			895,200	**1,436,358**	
Minus: Provisions for loss on inventory devaluation and slow-moving inventory			(32,530)		
Net amount		**$**	**862,670**		

Munsin Garment Corporation

Statement of changes in investments recognized under the equity method

January 1 to December 31, 2025

Unit: NT$ thousand

Number of shares: Thousand shares

Name	Opening balance		Increase in current period		Decrease in current period		Closing balance			Net market or net asset value		Provision of collateral or pledges	Remarks
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding ratio	Amount	Unit price	Total price		
Equity method													
Bidford Holdings Limited	2,900	$ 146,413	-	20,470	-	-	2,900	25.69%	166,883	58	166,883	None	

Note: Recognized at the publicly traded market value. If not publicly traded, recognized at the net asset value as reported on financial statements audited by a CPA.

Munsin Garment Corporation

Statement of other current assets

December 31, 2025

Unit: NT$ thousand

Item	Summary	Amount	Remarks
Prepaid expenses	Department store counter fees. etc.	$ 5,201	
Prepaid deposits		4,490	
Advance payments to vendors		3,095	
Other		3,291	No amount for a single item exceeds 5%
		$ 16,077	

Statement of changes in property, plant, and equipment

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance	Provision of collateral or pledges	Remarks
Land	$ 251,668	-	-	251,668	Loan collateral provided	Note
Buildings	169,938	881	-	170,819	〃	〃
Office equipment	12,484	587	91	12,980		
Transportation equipment	3,387	-	-	3,387		
Other facilities	53,332	48,076	34,555	66,853		
Construction in progress	26,114	81,114	-	107,228		
Total	**$ 516,923**	**130,658**	**34,646**	**612,935**		

Note: Please refer to Note 8 for details on the fixed assets provided to banks as loan collateral.

Munsin Garment Corporation

Statement of changes in accumulated depreciation for property, plant, and equipment

January 1 to December 31, 2025 **Unit: NT$ thousand**

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance	Remarks
Buildings	$ 117,020	2,774	-	119,794	
Office equipment	5,926	2,824	91	8,659	
Transportation equipment	1,506	565	-	2,071	
Other facilities	28,475	40,193	33,422	35,246	
Total	**$ 152,927**	**46,356**	**33,513**	**165,770**	

Statement of changes in investment properties

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance	Provision of collateral or pledges	Remarks
Land and land improvements	$ 15,073	-	-	15,073	Loan collateral provided	Note
Buildings	16,881	-	-	16,881	〃	〃
Total	**$ 31,954**	**-**	**-**	**31,954**		

Note: Please refer to Note 8 for detailed information on the investment properties provided to banks as loan collateral.

Munsin Garment Corporation

Statement of changes in accumulated depreciation for investment properties

January 1 to December 31, 2025 **Unit: NT$ thousand**

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance	Remarks
Buildings	$ 10,699	281	-	10,980	

Statement of changes in intangible assets

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance	Remarks
Computer software	$ 3,414	-	2,270	1,144	
Trademarks	26,667	-	2,857	23,810	
Total	$ 30,081	-	5,127	24,954	

Note: Computer software is amortized on a straight-line basis over a useful life of three to five years.
Trademarks are amortized on a straight-line basis over a useful life of ten years.

Munsin Garment Corporation

Statement of changes in short-term borrowings

December 31, 2025

Unit: NT$ thousand

Type of borrowing	Description	Closing balance	Contract period	Interest rate range	Loan facilities	Mortgage or collateral	Remarks
Secured bank borrowings	Working capital	$ 80,000	No later than January 30, 2026	1.88%	Note	Land, buildings, and investment properties	
Unsecured bank borrowings	Loans for purchase of goods	138,431	No later than June 29, 2026	1.01%~5.02%	Note	None	
		$ 218,431					

Note: The total credit limit for short-term borrowings from all banks is NT$780,000 thousand.

Munsin Garment Corporation

Statement of accounts payable

December 31, 2025 **Unit: NT$ thousand**

Customer name	Summary	Amount	Remarks
Related party:			
Descente Japan Limited	Payment	$ 236	
Subtotal		236	
Non-related party:			
A474	〃	7,698	
A468	〃	1,502	
Other		12,506	No amount for an individual customer exceeds 5%.
Subtotal		21,706	
Total		**$ 21,942**	

Munsin Garment Corporation

Statement of other payables

December 31, 2025 **Unit: NT$ thousand**

Item	Summary	Amount	
Salaries and year-end bonuses payable	Salaries and bonuses	$	37,959
Accrued expenses	Labor and health insurance expenses		26,659
Royalties payable	Royalties		19,908
Provision for employee benefits	Employee unpaid leave bonus		13,521
Sales tax payable	Sales tax		12,985
Employee dividends payable	Employee dividends		10,102
Other payables	Other		19,002
		$	**140,136**

Statement of other current liabilities

Item	Summary	Amount		Remarks
Contract liabilities		$	12,813	
Refund liabilities			6,190	
Collections for third parties	Collection of labor and health insurance premiums for third parties		3,691	
		$	**22,694**	

Munsin Garment Corporation

Statement of operating revenue

January 1 to December 31, 2025

Item	Quantity (thousand pieces)	Amount	Remarks
Men's clothing	827	$ 1,543,121	
Women's clothing	227	398,024	
Other	32	17,121	No single item exceeds 5%
Total		**$ 1,958,266**	

Munsin Garment Corporation

Statement of operating costs

January 1 to December 31, 2025 **Unit: NT$ thousand**

Item	Amount Subtotal	Amount Total
Direct raw materials		
Opening balance of raw materials	$ 2,309	
Plus: Purchase of supplies in this period	5,162	
Minus: Scrapped materials	(16)	
Raw materials sold	(8)	
Material requisition - Manufacturing overhead	(16)	
Material requisition - Sales expenses	(7)	
Closing balance of raw materials	(2,870)	
Raw materials consumed		$ 4,554
Manufacturing overhead		40,982
Manufacturing costs		45,536
Plus: Opening balance of work in progress		5,865
Purchase of goods in this period		353,712
Minus: Closing balance of work in progress		(4,806)
Cost of finished goods		400,307
Plus: Opening balance of finished goods		-
Minus: Closing balance of finished goods		-
Operating costs for in-house production		400,307
Plus: Opening balance of merchandise		848,895
Purchase of goods in this period		544,396
Minus: Material requisition - Sales expenses		(5,678)
Scrapped materials		(2,174)
Other		478
Closing balance of merchandise		(887,524)
Cost of goods sold		898,700
Plus: Raw materials sold		8
Scrapped materials		2,190
Plus: Gains from inventory reversals		(490)
Operating costs		**$ 900,408**

Munsin Garment Corporation

Statement of selling expenses

January 1 to December 31, 2025 **Unit: NT$ thousand**

Item	Summary	Amount	Remarks
Payroll expenses		$ 345,138	
Depreciation expenses		47,839	
Employee insurance premiums		44,227	
Royalty expenditures		42,583	
Fees and charges		39,802	
Promotion expenses		38,476	
Other		144,162	No single item exceeds 5%
Total		**$ 702,227**	

Statement of administrative expenses

Item	Summary	Amount	Remarks
Payroll expenses		$ 43,676	
Professional service expenses		4,074	
Other		29,642	No single item exceeds 5%
Total		**$ 77,392**	

Munsin Garment Corporation

Statement of net other income and expenses

January 1 to December 31, 2025 **Unit: NT$ thousand**

Item	Summary	Amount	Remarks
Foreign exchange gains		$ 3,336	
Losses on the disposal of property, plant and equipment		(1,133)	
Other		(100)	
Total		**$ 2,103**	

Statement of other income

Item	Summary	Amount	Remarks
Royalty income		$ 1,753	
Rent		1,271	
Other		3,938	No single item exceeds 5%
		$ 6,962	

Statement of finance costs

Item	Summary	Amount	Remarks
Interest expenses		**$ 4,576**	

Please refer to Note 6 (7) of the Financial Statement for more information on the statement of changes to right-of-use assets.

Please refer to Note 6 (7) of the Financial Statement for more information on the statement of changes to accumulated depreciation for right-of-use assets.

Please refer to Note 6 (12) of the Financial Statement for more information on the statement of lease liabilities.