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**GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE YEARS ENDED
31 DECEMBER 2025 AND 2024**

Notice to readers:

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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REPORT OF INDEPENDENT AUDITORS

English Translation of a Report Originally Issued in Chinese

To Globe Union Industrial Corp.

Opinion

We have audited the accompanying consolidated balance sheets of Globe Union Industrial Corp. (the “Company”) and its subsidiaries as at 31 December 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2025 and 2024, and notes to the consolidated financial statements, including the summary of material accounting policies (together “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 31 December 2025 and 2024, and their consolidated financial performance and cash flows for the years ended 31 December 2025 and 2024, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statements Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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



Goodwill assessment

As at 31 December 2025, the goodwill was carried at NT\$765,823 thousand which accounted for 5% of the total consolidated assets. The Company performed impairment testing on the cash-generating units according to the International Financial Reporting Standards. The recoverable amount of the cash-generating units has been determined based on the value in use because their fair value cannot be reliably measured. The impairment testing indicated that the value in use of certain cash-generating units was higher than their carrying amount. We determined goodwill assessment to be a key audit matter because the carrying amounts of goodwill were material to the Group; the determination of value in use was complex, and high level of management judgment was involved when making assumptions about cash flow forecasts.

Our audit procedures included, but were not limited to, evaluating whether the components of the cash-generating units have significantly changed, including analyzing the sales model and regions involved; evaluating the management's assessment approaches and assumptions of value in use; involving internal expert to assist us in evaluating the reasonableness of key assumptions used by management such as growth rates, discount rates, and gross margin; involving internal expert to assist us in evaluating the reasonableness of key components of discount rates such as cost of equity, company-specific risk premium and market risk premium by comparing them to other companies of similar size with the cash-generating units; interviewing management and assessing the reasonableness of assumptions used in their model such as cash flows, gross margin, growth rates, and the expected future market and economic conditions; comparing the actual financials to date with previously forecast financials and analyzing the Company's historical data and performance to assess the reasonableness of the cash flow forecast. We also assessed the adequacy of the disclosures related to result of impairment test and assumption's sensitivity in Notes 4, 5 and 6 to the financial statements.

Inventory valuation

As at 31 December 2025, the net inventories amounted to NT\$3,810,698 thousand, which accounted for 24% of the total consolidated assets. The determination of the provisions for obsolete inventories involved a high level of management judgment, and were subject to uncertainty due to product diversity. Furthermore, the cost of inventory included direct labor, raw material, and overhead, and the calculation and allocation were complex. Also, the allocation basis could have a material impact on the financial statements. As such, we determined this to be a key audit matter.

Our audit procedures included, but were not limited to, understanding and testing the design and operating effectiveness of internal control over inventory cost and allowance for inventory; performing inventory price testing to verify the allocation of cost, direct labor, and overhead is reasonable; assessing the appropriateness of the policy of provision for excess and obsolete inventory by testing the accuracy of inventory ageing and analyzing movement of the ageing, analyzing the difference between the policy of the current year and the prior year, and analyzing the difference between the historical provisions and the actual write-off amount; verifying that inventories were valued at the lower of cost or net realizable value by comparing the book value of inventories at the balance sheet date with recent sales price on selected samples; verifying the existence and completeness of inventories by tracing items on the final inventory listing to the physical inventory compilation; attending inventory counts to understand the status of the inventories and evaluate the appropriateness of the excess and obsolescence provision. We also assessed the adequacy of the disclosures related to inventories in Notes 4,5 and 6 to the financial statements.

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

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

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2025 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Other

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as at and for the years ended 31 December 2025 and 2024.

Tu, Chin Yuan

Lo, Wen Chen

Ernst & Young, Taiwan
11 March 2026

Notice to Readers

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

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2025 and 31 December 2024
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As at	
		31 Dec 2025	31 Dec 2024
Current assets			
Cash and cash equivalents	4, 6(1)	\$2,879,380	\$3,309,690
Financial assets at fair value through profit or loss, current	4, 6(2)	5,386	5,309
Financial assets measured at amortized cost, current	4, 6(3), 8	50,957	403,633
Accounts receivable, net	4, 5, 6(4), 8	2,324,222	2,212,458
Inventories, net	4, 5, 6(5), 8	3,810,698	3,701,353
Prepayment	6(6)	453,413	393,500
Other current assets		358,193	392,009
Total current assets		9,882,249	10,417,952
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	4, 6(7)	187,553	169,901
Property, plant and equipment	4, 6(8), 8	2,694,651	2,962,924
Right-of-use assets	4, 6(21)	1,850,131	1,391,801
Investment properties	4, 6(9)	15,679	15,990
Intangible assets	4, 6(10)	91,190	78,932
Goodwill	4, 5, 6(10)(11)	765,823	746,745
Deferred tax assets	4, 5, 6(25)	249,374	336,893
Other non-current assets		129,605	240,009
Net defined benefit assets, non-current	4, 6(16)	8,004	894
Total non-current assets		5,992,010	5,944,089
Total assets		\$15,874,259	\$16,362,041

(The accompanying notes are an integral part of the consolidated financial statements)
(continued)

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2025 and 31 December 2024
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As at	
		31 Dec 2025	31 Dec 2024
Current liabilities			
Short-term loans	4, 6(12)	\$2,060,385	\$3,563,629
Financial liabilities at fair value through profit or loss, current	4, 6(13)	823	558
Notes payable		103,037	55,583
Accounts payable		1,377,699	1,472,969
Other payables	6(14)	1,855,166	2,283,461
Current tax liabilities	4	170,342	73,738
Lease liabilities, current	4, 6(21)	345,349	340,904
Current portion of long-term loans	4, 6(15)	324,286	200,000
Other current liabilities		67,619	98,799
Total current liabilities		<u>6,304,706</u>	<u>8,089,641</u>
Non-current liabilities			
Long-term loans	4, 6(15)	1,792,714	700,000
Provision for decommissioning, restoration and rehabilitation costs	4	31,655	19,153
Deferred tax liabilities	4, 5, 6(25)	46,248	76,281
Lease liabilities, non-current	4, 6(21)	1,523,734	1,052,274
Other non-current liabilities		92,801	44,780
Net defined benefit obligation, non-current	4, 6(16)	14,241	1,360
Total non-current liabilities		<u>3,501,393</u>	<u>1,893,848</u>
Total liabilities		<u>9,806,099</u>	<u>9,983,489</u>
Equity attributable to the parent company	4, 6(17)		
Capital			
Common stock		4,110,170	4,096,140
Advance receipts for common stock		-	11
Total capital		<u>4,110,170</u>	<u>4,096,151</u>
Capital surplus		997,764	993,211
Retained earnings			
Legal reserve		302,519	260,274
Special reserve		649,729	649,729
Unappropriated earnings		204,231	491,606
Total retained earnings		<u>1,156,479</u>	<u>1,401,609</u>
Other components of equity			
Exchange differences on translation of foreign operations		(303,947)	(202,461)
Unrealized gains or losses on financial assets at fair value through other comprehensive income		107,694	90,042
Total other components of equity		<u>(196,253)</u>	<u>(112,419)</u>
Total equity		<u>6,068,160</u>	<u>6,378,552</u>
Total liabilities and equity		<u>\$15,874,259</u>	<u>\$16,362,041</u>

(The accompanying notes are an integral part of the consolidated financial statements)

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended 31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the Years Ended 31 December	
		2025	2024
Net sales	6(19)	\$17,389,978	\$18,161,444
Cost of sales	6(5)(22)	(11,452,425)	(11,984,959)
Gross profit		<u>5,937,553</u>	<u>6,176,485</u>
Operating expenses	6(21)(22)		
Selling and marketing		(3,949,550)	(3,844,680)
General and administrative		(1,555,449)	(1,575,880)
Research and development		(163,788)	(166,094)
Expected credit losses	6(20)	(18,627)	(6,478)
Total operating expenses		<u>(5,687,414)</u>	<u>(5,593,132)</u>
Operating income		<u>250,139</u>	<u>583,353</u>
Non-operating income and expenses	6(23)		
Other revenue		129,233	125,023
Other gains and losses		(26,884)	144,757
Finance costs		(201,740)	(215,294)
Total non-operating income and expenses		<u>(99,391)</u>	<u>54,486</u>
Income before income tax		150,748	637,839
Income tax expense	4, 5, 6(25)	(269,014)	(167,826)
Net (loss) income		<u>(118,266)</u>	<u>470,013</u>
Other comprehensive income (loss)	6(24)		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		22,183	(64,003)
Unrealized gains or losses on financial assets at fair value through other comprehensive income		17,652	88,482
Income tax related to items that may not be reclassified subsequently		(5,191)	16,436
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(101,486)	448,828
Total other comprehensive (loss) income, net of tax		<u>(66,842)</u>	<u>489,743</u>
Total comprehensive (loss) income		<u><u>\$(185,108)</u></u>	<u><u>\$959,756</u></u>
Net (loss) income attributable to:			
Stockholders of the parent		\$ (118,266)	\$ 470,013
Non-controlling interests		-	-
		<u><u>\$(118,266)</u></u>	<u><u>\$470,013</u></u>
Comprehensive (loss) income attributable to:			
Stockholder of the parent		\$ (185,108)	\$ 959,756
Non-controlling interests		-	-
		<u><u>\$(185,108)</u></u>	<u><u>\$959,756</u></u>
(Losses) earnings per share (NTD)	6(26)		
(Losses) earnings per share-basic		<u><u>\$(0.29)</u></u>	<u><u>\$1.15</u></u>
(Losses) earnings per share-diluted		<u><u>\$(0.29)</u></u>	<u><u>\$1.13</u></u>

(The accompanying notes are an integral part of the consolidated financial statements)

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended 31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

Item	Notes	Equity Attributable to the Parent Company								Total Equity
		Capital		Additional Paid-in Capital	Retained Earnings			Other Components of Equity		
		Common Stock	Advance Receipts for Common Stock		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets at Fair Value Through Other Comprehensive Income	
Balance as at 1 January 2024	6(17)	\$4,087,290	\$3,259	\$988,391	\$201,221	\$678,770	\$590,529	\$(651,289)	\$1,560	\$5,899,731
Appropriations of earnings, 2023:										
Legal reserve					59,053		(59,053)			-
Cash dividends							(491,357)			(491,357)
Reversal of special reserve						(29,041)	29,041			-
Net income in 2024							470,013			470,013
Other comprehensive income (loss), net of tax in 2024							(47,567)	448,828	88,482	489,743
Total comprehensive income							422,446	448,828	88,482	959,756
Share-based payment transactions-Conversion of advance receipts for common stock	6(17)	8,850	(10,765)	1,915						-
Share-based payment transactions-Exercise of employee stock option	6(17)(18)		7,517							7,517
Share-based payment transactions-Share-based payment expense	6(18)			2,905						2,905
Balance as at 31 December 2024	6(17)	<u>\$4,096,140</u>	<u>\$11</u>	<u>\$993,211</u>	<u>\$260,274</u>	<u>\$649,729</u>	<u>\$491,606</u>	<u>\$(202,461)</u>	<u>\$90,042</u>	<u>\$6,378,552</u>
Balance as at 1 January 2025	6(17)	\$4,096,140	\$11	\$993,211	\$260,274	\$649,729	\$491,606	\$(202,461)	\$90,042	\$6,378,552
Appropriations of earnings, 2024:										
Legal reserve					42,245		(42,245)			-
Cash dividends							(143,856)			(143,856)
Net loss in 2025							(118,266)			(118,266)
Other comprehensive income (loss), net of tax in 2025							16,992	(101,486)	17,652	(66,842)
Total comprehensive income (loss)							(101,274)	(101,486)	17,652	(185,108)
Share-based payment transactions-Conversion of advance receipts for common stock	6(17)	14,030	(16,134)	2,104						-
Share-based payment transactions-Exercise of employee stock option	6(17)(18)		16,123							16,123
Share-based payment transactions-Share-based payment expense	6(18)			2,449						2,449
Balance as at 31 December 2025	6(17)	<u>\$4,110,170</u>	<u>\$-</u>	<u>\$997,764</u>	<u>\$302,519</u>	<u>\$649,729</u>	<u>\$204,231</u>	<u>\$(303,947)</u>	<u>\$107,694</u>	<u>\$6,068,160</u>

(The accompanying notes are an integral part of the consolidated financial statements)

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the year ended 31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Notes	For the year ended 31 December	
		2025	2024
Cash flows from operating activities:			
Net income before tax		\$150,748	\$637,839
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation		773,333	840,399
Amortization		30,250	26,311
Expected credit losses		18,627	6,478
Net gain of financial assets/liabilities at fair value through profit or loss		(14,898)	(26,555)
Interest expense		201,740	215,294
Interest income		(50,067)	(65,433)
Dividend income		(6,991)	(11,197)
Share-based payment expense		2,449	2,905
Loss on disposal of property, plant and equipment		21,850	12,345
Impairment loss on non-financial assets		69,183	48,498
Gain on lease modification		(24,053)	(212,761)
Changes in operating assets and liabilities:			
Financial instrument at fair value through profit or loss, current		15,086	21,931
Accounts receivable		(144,777)	21,876
Inventories, net		(142,301)	177,893
Prepayments		(24,170)	(128,005)
Other current assets		(11,925)	300,383
Other non-current assets		(1,292)	(53,092)
Notes payable		45,696	(18,727)
Accounts payable		(111,981)	(146,440)
Other payables		(129,771)	196,379
Other current liabilities		(8,491)	(107,103)
Defined benefit obligation		224	(82,780)
Other non-current liabilities		48,021	44,763
Cash generated from operations		706,490	1,701,201
Interest received		50,067	65,433
Interest paid		(202,240)	(211,907)
Income tax paid		(79,289)	(137,547)
Net cash generated from operating activities		475,028	1,417,180

(The accompanying notes are an integral part of the consolidated financial statements)

(Continued)

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the year ended 31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Notes	For the year ended 31 December	
		2025	2024
(Continued)			
Cash flows from investing activities:			
Acquisition of financial assets at fair value through other comprehensive income		-	(48,659)
Acquisition of property, plant and equipment		(499,437)	(774,437)
Disposal of property, plant and equipment		31,682	1,649
Decrease (increase) in deposits-out		11,268	(1,427)
Financial assets measured at amortized cost, current		352,676	(300,604)
Acquisition of intangible assets		(40,234)	(45,783)
Dividend received		14,346	3,842
Other investing activities		(2,435)	-
Net cash used in investing activities		<u>(132,134)</u>	<u>(1,165,419)</u>
Cash flows from financing activities:			
Increase in short-term loans		3,375,558	4,001,769
Decrease in short-term loans		(4,885,399)	(2,741,000)
Increase in long-term loans		1,470,000	-
Decrease in long-term loans		(253,000)	(400,000)
Decrease in lease liabilities		(356,060)	(426,105)
Cash dividends paid		(143,856)	(491,357)
Exercise of employee stock option		16,123	7,517
Net cash used in financing activities		<u>(776,634)</u>	<u>(49,176)</u>
Effect of changes in exchange rate on cash and cash equivalents		3,430	143,013
Net (decrease) increase in cash and cash equivalents		(430,310)	345,598
Cash and cash equivalents at beginning of period		3,309,690	2,964,092
Cash and cash equivalents at end of period	6(1)	<u>\$2,879,380</u>	<u>\$3,309,690</u>

(The accompanying notes are an integral part of the consolidated financial statements)

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
For the Years Ended 31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. HISTORY AND ORGANIZATION

GLOBE UNION INDUSTRIAL CORP. (“the Company”) was incorporated on 29 October 1979 to manufacture and sell plumbing products. On 1 December 1995, the Company acquired Chen Ling Industrial Co. Ltd., a company operated in manufacturing and sale of plumbing products. The Company applied to be listed on the Taipei Exchange on 1 June 1998, and was authorized to trade its shares over the counter on 7 May 1999. The Company applied to be listed on Taiwan Stock Exchange on 16 June 2000 and its shares were authorized to be listed on Taiwan Stock Exchange on 11 September 2000. The Company’s registered office and the main business location is at No.22, Chien-Kuo Rd., Tanzi Dist., Taichung, Taiwan (R.O.C.).

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the years ended 31 December 2025 and 2024 were authorized for issue by the Company’s board of directors on 11 March 2026.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2025. The adoption of these new standards and amendments had no material impact on the Group.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which have been endorsed by FSC, and not yet adopted by the Group as at the date when the Group’s financial statements were authorized for issue, are listed below.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 17 “Insurance Contracts”	1 January 2023
b	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
c	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
d	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026

(a) IFRS 17 “Insurance Contracts”

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

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

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

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

The amendments include:

- a. Clarify that a financial liability is derecognised on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.

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Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- b. Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- c. Clarify the treatment of non-recourse assets and contractually linked instruments.
- d. Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

(c) Annual Improvements to IFRS Accounting Standards – Volume 11

- a. Amendments to IFRS 1
The amendments mainly improve the consistency in wording between first-time adoption of IFRS and requirements for hedge accounting in IFRS 9.
- b. Amendments to IFRS 7
The amendments update an obsolete cross-reference relating to gain or loss on derecognition.
- c. Amendments to Guidance on implementing IFRS 7
The amendments improve some of the wordings in the implementation guidance, including the introduction, disclosure of deferred difference between fair value and transaction price and credit risk disclosures.
- d. Amendments to IFRS 9
The amendments add a cross-reference to resolve potential confusion for a lessee applying the derecognition requirements and clarify the term “transaction price”.
- e. Amendments to IFRS 10
The amendments remove the inconsistency between paragraphs B73 and B74 of IFRS 10.
- f. Amendments to IAS 7
The amendments remove a reference to “cost method” in paragraph 37 of IAS 7.

(d) Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

The amendments include:

- a. Clarify the application of the ‘own-use’ requirements.
- b. Permit hedge accounting if these contracts are used as hedging instruments.
- c. Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

The abovementioned standards and amendments are applicable for annual periods beginning on or after 1 January 2026 and have no material impact on the Group.

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Notes to Consolidated Financial Statements (Continued)

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- (3) Standards or interpretations issued, revised or amended, by IASB which have not been endorsed by FSC, and not yet adopted by the Group as at the date when the Group's financial statements were authorized for issue, are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 18 "Presentation and Disclosure in Financial Statements"	1 January 2027 (Note)
c	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	1 January 2027
d	Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)	1 January 2027

Note: On 25 September 2025, the FSC announced in a press release that Taiwan will adopt IFRS 18 in 2028.

- (a) IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

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

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Notes to Consolidated Financial Statements (Continued)

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(b) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes are as below:

- a. Improved comparability in the statement of profit or loss (income statement)
IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.
- b. Enhanced transparency of management-defined performance measures
IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.
- c. Useful grouping of information in the financial statements
IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

(c) Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This new standard and its amendments permit subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

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

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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The amendments include:

- a. Clarify that when the entity's functional currency is that of a non hyperinflationary economy but its presentation currency is the currency of a hyperinflationary economy, the entity shall translate its results and financial position using the closing rate at the date of the most recent statement of financial position.
- b. In the above circumstances, when the presentation currency ceases to be hyperinflationary economy, the entity shall not retranslate amounts that arose before the beginning of the reporting period.
- c. When the entity's functional currency and presentation currency are the currency of a hyperinflationary economy, the entity shall apply the relevant accounting treatment in accordance with paragraph 34 of IAS 29.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the new or amended standards and interpretations listed under (b), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended 31 December 2025 and 2024 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee, which are endorsed and became effective by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NTD") unless otherwise stated.

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(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (b) exposure, or rights, to variable returns from its involvement with the investee, and
- (c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee
- (b) rights arising from other contractual arrangements
- (c) the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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Notes to Consolidated Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

If the Company loses control of a subsidiary, it:

- (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (b) derecognizes the carrying amount of any non-controlling interest;
- (c) recognizes the fair value of the consideration received;
- (d) recognizes the fair value of any investment retained;
- (e) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
- (f) recognizes any resulting difference in profit or loss.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main Business	Percentage of ownership (%)		Note
			31 December 2025	31 December 2024	
Globe Union Industrial Corp.	Globe Union Industrial (B.V.I.) Corp. (G.U.I.(B.V.I.))	Holding company	100.00%	100.00%	
G.U.I.(B.V.I.)	Shenzhen Globe Union Enterprise Co., Ltd.	Manufacturing and selling faucets and related parts	100.00%	100.00%	
G.U.I.(B.V.I.)	Milim G&G Ceramics Co., Ltd.	Manufacturing and selling porcelain bathroom fittings	10.71%	10.71%	
Globe Union Industrial Corp.	Globe Union Cayman Corp.	Holding company	100.00%	100.00%	
Globe Union Cayman Corp.	Globe Union Verwaltungs GmbH	Holding company	100.00%	100.00%	
Globe Union Cayman Corp.	Globe Union Germany GmbH & Co. KG	Selling faucets and related parts	100.00%	100.00%	
Globe Union Cayman Corp.	Globe Union (UK) Limited	Holding company	100.00%	100.00%	
Globe Union (UK) Limited	PJH Trustees Limited	Trust company	100.00%	100.00%	
Globe Union (UK) Limited	PJH Group Limited	Selling kitchen and bathroom products	100.00%	100.00%	
Globe Union Industrial Corp.	Globe Union (Bermuda) Ltd. (G.U.L.(Bermuda))	Holding company	100.00%	100.00%	
G.U.L.(Bermuda)	Globe Union Group, Inc.	Holding company	100.00%	100.00%	
Globe Union Group, Inc.	Danze, Inc.	Overseas sales and maintenance center	100.00%	100.00%	

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Investor	Subsidiary	Main Business	Percentage of ownership (%)		Note
			31 December 2025	31 December 2024	
Globe Union Group, Inc.	Globe Union (Canada) Inc.	Sales and marketing support services	100.00%	100.00%	
Globe Union Group, Inc.	Gerber Plumbing Fixtures, LLC	Assembling and selling bathroom products	100.00%	100.00%	
Globe Union Group, Inc.	Globe Union Services, Inc.	Marketing support services	100.00%	100.00%	
G.U.L.(Bermuda)	Milim G&G Ceramics Co., Ltd.	Manufacturing and selling porcelain bathroom fittings	89.29%	89.29%	
Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Manufacturing and selling porcelain bathroom fittings	100.00%	100.00%	
Globe Union Industrial Corp.	Globe Union Business Consultancy Shanghai Company Limited	Consulting industry	100.00%	100.00%	
Globe Union Industrial Corp.	Globe Union Ann Bo Manufacturing Co., Ltd.	Manufacturing and selling bathroom products	100.00%	100.00%	Note 1
Shenzhen Globe Union Enterprise Co., Ltd.	He Shun Investment Co., Ltd.	Investment, developing and manufacturing hardware products	100.00%	100.00%	
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Brassware Operation Co., Ltd.	Supply Chain Management Services	100.00%	-%	Note 2
Globe Union Ann Bo Manufacturing Co., Ltd.	Globe Union Ann Bo Brassware Manufacturing Co., Ltd.	Manufacture and sale of metal materials and hardware products	100.00%	-%	Note 3

Note 1: Globe Union Ann Bo Manufacturing Co., Ltd. changed its Chinese name on 23 January 2025 (English name remains the same).

Note 2: The Company established a sub-subsidiary, Globe Union Brassware Operation Co., Ltd. in September 2025.

Note 3: The Company established a sub-subsidiary, Globe Union Ann Bo Brassware Manufacturing Co., Ltd. in December 2025.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT\$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

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

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

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

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

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- (a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
- (b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

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

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

(6) Current and non-current distinction

An asset is classified as current when:

- (a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- (b) The Group holds the asset primarily for the purpose of trading.
- (c) The Group expects to realize the asset within twelve months after the reporting period.
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Group expects to settle the liability in its normal operating cycle.
- (b) The Group holds the liability primarily for the purpose of trading.
- (c) The liability is due to be settled within twelve months after the reporting period.
- (d) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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(7) Cash and cash equivalents

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

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

(a) Financial instruments: Recognition and Measurement

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

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

- A. the Group's business model for managing the financial assets and
- B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

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

- A. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- A. purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition
- B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

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- B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
- (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition
 - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial assets measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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(b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- B. the time value of money; and
- C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

- A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- D. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

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

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Notes to Consolidated Financial Statements (Continued)
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(c) Derecognition of financial assets

A financial asset is derecognized when:

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(d) Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

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

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Notes to Consolidated Financial Statements (Continued)

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Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

- A. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- B. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- C. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- A. it eliminates or significantly reduces a measurement or recognition inconsistency; or
- B. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

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

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

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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Derecognition of financial liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(e) Offsetting of financial instruments

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

(9) Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value through profit or loss.

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(10) Fair value measurement

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

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

(11) Inventories

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

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

Raw materials – Purchase cost on a weighted average method.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs on weighted average method.

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Merchandise – Purchase cost on weighted average method.

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

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful Lives
Buildings	5~55 years
Machinery and equipment	3~11 years
Transportation equipment	5~6 years
Office equipment	2~10 years
Other equipment	2~7 years

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

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The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(13) Investment property

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

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful Lives
Buildings	9~20 years
Right-of-use assets	46 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group transfers properties to or from investment properties according to the actual use of the properties.

The Group transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

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(14) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

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

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

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

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

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- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

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

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

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

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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

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

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

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(15) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

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The useful lives of intangible assets are assessed as either finite or indefinite.

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

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

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

A summary of the policies applied to the Group's intangible assets is as follows:

	Trademarks	Computer software
Useful lives	10~15 years	3~10 years
Amortization method used	Amortized on a straight-line basis	Amortized on a straight- line basis
Internally generated or acquired	Acquired	Acquired

(16) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 "Impairment of Assets" may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

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

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

(17) Post-employment benefits

All regular employees of the Company is entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

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Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- (a) the date of the plan amendment or curtailment, and
- (b) the date that the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(18) Provisions

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

The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time.

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

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Provision for warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

(19) Revenue recognition

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

Sale of goods

The Group manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group are faucets and plumbing products and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. The Group estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Group's sale of goods is from 30 to 90 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

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(20) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(21) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(22) Share-based payment transactions

The cost of equity-settled transactions between the Group and its employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(23) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

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

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

- (a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- (b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

(24) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

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After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Estimates and assumptions

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

(a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

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(b) Impairment of goodwill

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model.

The cash flows projections are derived from future budget estimates and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

(c) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc. Please refer to Note 6 for more details about the cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans.

(d) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(e) Revenue recognition – estimation of sales returns and allowance

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note 6 for more details.

(f) Income tax

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

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for more details on deferred tax assets that the Group have not recognized as at 31 December 2025.

(g) Accounts receivable – estimation of impairment loss

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

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(h) Evaluation of inventories

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>As at 31 December</u>	
	<u>2025</u>	<u>2024</u>
Cash on hand	\$141	\$398
Demand deposits	2,276,847	1,830,419
Time deposits	602,392	1,478,873
Total	<u>\$2,879,380</u>	<u>\$3,309,690</u>

Cash and cash equivalents were not pledged.

(2) Financial assets at fair value through profit or loss – current

	<u>As at 31 December</u>	
	<u>2025</u>	<u>2024</u>
Mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments		
Stocks	\$4,750	\$-
Forward foreign exchange contracts	636	5,309
Total	<u>\$5,386</u>	<u>\$5,309</u>

Financial assets at fair value through profit or loss were not pledged.

Please refer to Note 12(8) for more details on forward foreign exchange contracts.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Financial assets measured at amortized cost – current

	As at 31 December	
	2025	2024
Bank deposits-time deposit (longer than three months)	\$36,970	\$370,000
Bank deposits-reserve account	10,796	32,074
Bank deposits-time deposit-pledged	3,191	1,559
Subtotal (total carrying amount)	50,957	403,633
Less: loss allowance	-	-
Total	<u>\$50,957</u>	<u>\$403,633</u>

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge. Please refer to Note 12 for more details on credit risk.

(4) Accounts receivable, net

	As at 31 December	
	2025	2024
Accounts receivable	\$2,421,936	\$2,314,778
Less: allowance for sales discounts	(80,351)	(99,387)
Less: loss allowance	(17,363)	(2,933)
Total	<u>\$2,324,222</u>	<u>\$2,212,458</u>

Accounts receivables are generally on 30-90 day terms. The total carrying amount as at 31 December 2025 and 2024 were \$2,341,585 and \$2,215,391, respectively. Please refer to Note 6(20) for more details on loss allowance of accounts receivable for the years ended 31 December 2025 and 2024. Please refer to Note 12 for more details on credit risk management.

Please refer to Note 8 for more details on accounts receivable under pledge.

(5) Inventories

(a) Details as follows:

	As at 31 December	
	2025	2024
Raw materials	\$220,540	\$184,443
Supplies & parts	57,789	54,016
Work in progress	112,135	114,867
Finished goods	2,135,840	2,091,167
Merchandise	1,284,394	1,256,860
Total	<u>\$3,810,698</u>	<u>\$3,701,353</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (b) The cost of inventories recognized in cost of goods sold for the years ended 31 December 2025 and 2024 amounted to \$11,452,425 and \$11,984,959, respectively, including the reversal gain amounted to \$4,089 from the disposal of obsolete products for the year ended 31 December 2025, and the expense amounted to \$22,919 from reducing inventories to net realizable value for the year ended 31 December 2024.

Please refer to Note 8 for more details on inventories under pledge.

(6) Prepayments

	As at 31 December	
	2025	2024
Prepayment for purchases	\$109,386	\$107,860
Offset against VAT	32,559	29,750
Prepaid insurance	5,153	44,996
Other prepayments	306,315	210,894
Total	<u>\$453,413</u>	<u>\$393,500</u>

Prepayments were not pledged.

(7) Financial assets at fair value through other comprehensive income - non current

	As at 31 December	
	2025	2024
Equity instrument investments measured at fair value through other comprehensive income — non current:		
Listed company stocks	<u>\$187,553</u>	<u>\$169,901</u>

Financial assets at fair value through other comprehensive income were not pledged.

Please refer to Note 12 for more details on the credit risk of the equity instrument investments measured at fair value through other comprehensive income.

(8) Property, plant and equipment

	As at 31 December	
	2025	2024
Owner occupied property, plant and equipment	<u>\$2,694,651</u>	<u>\$2,962,924</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(a) Owner occupied property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As at 1 Jan. 2025	\$309,399	\$1,357,167	\$3,391,508	\$48,476	\$344,117	\$673,685	\$74,844	\$6,199,196
Additions	-	21,301	8,259	10,348	43,299	72,135	39,535	194,877
Disposals	-	(45,334)	(66,267)	(17,175)	(8,954)	(44,043)	-	(181,773)
Transfers	-	(7,983)	57,694	-	386	92,102	(64,249)	77,950
Exchange differences	(12,742)	(15,785)	(73,008)	463	(849)	5,474	(3,762)	(100,209)
As at 31 Dec. 2025	<u>\$296,657</u>	<u>\$1,309,366</u>	<u>\$3,318,186</u>	<u>\$42,112</u>	<u>\$377,999</u>	<u>\$799,353</u>	<u>\$46,368</u>	<u>\$6,190,041</u>
As at 1 Jan. 2024	\$-	\$857,328	\$3,221,104	\$44,816	\$309,906	\$661,698	\$35,401	\$5,130,253
Additions	303,170	447,568	16,190	3,670	23,125	38,425	73,159	905,307
Disposals	-	(3,785)	(44,720)	(1,993)	(7,470)	(41,280)	-	(99,248)
Transfers	-	18,844	28,720	-	6,701	(10,164)	(35,917)	8,184
Exchange differences	6,229	37,212	170,214	1,983	11,855	25,006	2,201	254,700
As at 31 Dec. 2024	<u>\$309,399</u>	<u>\$1,357,167</u>	<u>\$3,391,508</u>	<u>\$48,476</u>	<u>\$344,117</u>	<u>\$673,685</u>	<u>\$74,844</u>	<u>\$6,199,196</u>
Depreciation and impairment:								
As at 1 Jan. 2025	\$-	\$579,275	\$1,794,484	\$40,484	\$288,639	\$533,390	\$-	\$3,236,272
Depreciation	-	74,037	221,750	4,138	26,196	59,683	-	385,804
Impairment	-	13,515	13,757	-	2,926	7,205	-	37,403
Disposals	-	(35,408)	(25,963)	(17,167)	(8,949)	(40,754)	-	(128,241)
Transfers	-	(32,035)	7,356	9	457	443	-	(23,770)
Exchange differences	-	1,249	(13,928)	(207)	(1,341)	2,149	-	(12,078)
As at 31 Dec. 2025	<u>\$-</u>	<u>\$600,633</u>	<u>\$1,997,456</u>	<u>\$27,257</u>	<u>\$307,928</u>	<u>\$562,116</u>	<u>\$-</u>	<u>\$3,495,390</u>
As at 1 Jan. 2024	\$-	\$489,843	\$1,537,812	\$37,389	\$262,083	\$504,569	\$-	\$2,831,696
Depreciation	-	67,521	244,775	3,286	21,831	57,000	-	394,413
Impairment	-	-	48,498	-	-	-	-	48,498
Disposals	-	(1,616)	(36,496)	(1,860)	(7,244)	(38,038)	-	(85,254)
Transfers	-	6,674	(83,771)	-	2,486	(9,160)	-	(83,771)
Exchange differences	-	16,853	83,666	1,669	9,483	19,019	-	130,690
As at 31 Dec. 2024	<u>\$-</u>	<u>\$579,275</u>	<u>\$1,794,484</u>	<u>\$40,484</u>	<u>\$288,639</u>	<u>\$533,390</u>	<u>\$-</u>	<u>\$3,236,272</u>
Net carrying amount:								
31 Dec. 2025	<u>\$296,657</u>	<u>\$708,733</u>	<u>\$1,320,730</u>	<u>\$14,855</u>	<u>\$70,071</u>	<u>\$237,237</u>	<u>\$46,368</u>	<u>\$2,694,651</u>
31 Dec. 2024	<u>\$309,399</u>	<u>\$777,892</u>	<u>\$1,597,024</u>	<u>\$7,992</u>	<u>\$55,478</u>	<u>\$140,295</u>	<u>\$74,844</u>	<u>\$2,962,924</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (b) GU PLUMBING de MEXICO S.A. de C.V., a subsidiary of the Company, plans to clear out some equipment that was no longer usable according to current conditions, in order to improve the utilization rate of plant space allocation. For the years ended 31 December 2025 and 2024, parts of the property, plant and equipment were written down to the recoverable amount. The Group recognized the impairment loss in the amount of \$13,758 and \$48,498, respectively, which has been included in other gains and losses in the statement of comprehensive income.
- (c) PJH Group Limited, a sub-subsiary of the Company, plans to clear out some equipment that was no longer usable according to current conditions, in order to improve the utilization rate of plant space allocation. For the years ended 31 December 2025, parts of the property, plant and equipment were written down to the recoverable amount. The Group recognized the impairment loss in the amount of \$23,645, which has been included in other gains and losses in the statement of comprehensive income.
- (d) The major components of the Group's buildings are main buildings, freight elevator, water and power supply, and are depreciated according to their useful life of 55, 16 and 11 years, respectively.
- (e) Please refer to Note 8 for more details on property, plant and equipment under pledge as at 31 December 2025.
- (f) There is no occurrence of capitalization of interest due to purchasing property, plant and equipment for the years ended 31 December 2025 and 2024.
- (9) Investment property

The Group's investment properties include both owned investment properties and investment properties held by the Group as right-of-use assets. The investment properties held by the Group as right-of-use assets with non-cancellable period of 46 years.

	Buildings	Right-of-use assets	Total
Cost:			
As at 1 Jan. 2025	\$136,211	\$27,233	\$163,444
Exchange differences	669	134	803
As at 31 Dec. 2025	<u>\$136,880</u>	<u>\$27,367</u>	<u>\$164,247</u>
As at 1 Jan. 2024	\$131,679	\$26,327	\$158,006
Exchange differences	4,532	906	5,438
As at 31 Dec. 2024	<u>\$136,211</u>	<u>\$27,233</u>	<u>\$163,444</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Buildings	Right-of-use assets	Total
Depreciation and impairment:			
As at 1 Jan. 2025	\$131,407	\$16,047	\$147,454
Depreciation	-	378	378
Exchange differences	645	91	736
As at 31 Dec. 2025	<u>\$132,052</u>	<u>\$16,516</u>	<u>\$148,568</u>
As at 1 Jan. 2024	\$118,405	\$3,840	\$122,245
Depreciation	-	589	589
Transfer and reclassification	8,920	11,476	20,396
Exchange differences	4,082	142	4,224
As at 31 Dec. 2024	<u>\$131,407</u>	<u>\$16,047</u>	<u>\$147,454</u>
Net carrying amount:			
31 Dec. 2025	<u>\$4,828</u>	<u>\$10,851</u>	<u>\$15,679</u>
31 Dec. 2024	<u>\$4,804</u>	<u>\$11,186</u>	<u>\$15,990</u>

No investment property was pledged.

Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized with Level 3. The fair value of the investment properties held by the Group amounted to \$214,847 as at 31 December 2025. The fair value has been determined based on valuations performed by the Group's management referring to the price of real estate in the active neighborhood market. The fair value of the investment properties held by the Group amounted to \$213,796 as at 31 December 2024. The fair value has been determined based on valuations performed by an independent valuer. The valuation method used is the comparison approach.

(10) Intangible assets and goodwill

	Computer software	Trademarks	Goodwill	Total
Cost:				
As at 1 Jan. 2025	\$337,411	\$80,816	\$1,418,305	\$1,836,532
Addition-acquired separately	40,234	-	-	40,234
Exchange differences	5,661	2,018	38,312	45,991
As at 31 Dec. 2025	<u>\$383,306</u>	<u>\$82,834</u>	<u>\$1,456,617</u>	<u>\$1,922,757</u>
As at 1 Jan. 2024	\$282,841	\$77,362	\$1,352,508	\$1,712,711
Addition-acquired separately	45,783	-	-	45,783
Exchange differences	8,787	3,454	65,797	78,038
As at 31 Dec. 2024	<u>\$337,411</u>	<u>\$80,816</u>	<u>\$1,418,305</u>	<u>\$1,836,532</u>

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Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Computer software	Trademarks	Goodwill	Total
Amortization and impairment:				
As at 1 Jan. 2025	\$258,479	\$80,816	\$671,560	\$1,010,855
Amortization	30,250	-	-	30,250
Exchange differences	3,387	2,018	19,234	24,639
As at 31 Dec. 2025	<u>\$292,116</u>	<u>\$82,834</u>	<u>\$690,794</u>	<u>\$1,065,744</u>
As at 1 Jan. 2024	\$225,956	\$77,362	\$638,634	\$941,952
Amortization	26,311	-	-	26,311
Exchange differences	6,212	3,454	32,926	42,592
As at 31 Dec. 2024	<u>\$258,479</u>	<u>\$80,816</u>	<u>\$671,560</u>	<u>\$1,010,855</u>
Net carrying amount:				
31 Dec. 2025	<u>\$91,190</u>	<u>\$-</u>	<u>\$765,823</u>	<u>\$857,013</u>
31 Dec. 2024	<u>\$78,932</u>	<u>\$-</u>	<u>\$746,745</u>	<u>\$825,677</u>

Amortization expense of intangible assets under the statement of comprehensive income:

	For the years ended 31 December	
	2025	2024
Operating costs	<u>\$596</u>	<u>\$612</u>
Operating expenses	<u>\$29,654</u>	<u>\$25,699</u>

(11) Impairment testing of goodwill

For the purpose of impairment testing, goodwill acquired through business combinations have been allocated to two cash-generating units which are also reportable operating segments. Carrying amount of goodwill allocated to each cash-generating units are as follows:

	As at 31 December	
	2025	2024
Goodwill		
— Channel unit	\$683,716	\$664,680
— Manufacturing unit	82,107	82,065
Total	<u>\$765,823</u>	<u>\$746,745</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Channel cash-generating unit

The recoverable amount of the channel unit has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for products and services. The discount rate applied to cash flow projections were 14.6% and 13.8% as at 31 December 2025 and 2024, and cash flows beyond the five-year period were extrapolated using a 2% and 2% growth rate as at 31 December 2025 and 2024, respectively, that was the same as the long-term average growth rate for the channel unit's industry.

There have been no significant changes in the abovementioned discount rate projections made by the Company's management. As a result of this analysis, management did not identify any impairment for goodwill of \$683,716 and \$664,680 as at 31 December 2025 and 2024 which is allocated to this cash-generating unit.

Manufacturing cash-generating unit

The recoverable amount of the manufacturing unit has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for products and services. The discount rate applied to cash flow projections were 13.5% and 13.5% as at 31 December 2025 and 2024, and cash flows beyond the five-year period were extrapolated using a 2.2% and 2.1% growth rate as at 31 December 2025 and 2024, respectively, that was the same as the long-term average growth rate for the manufacturing unit's industry.

There have been no significant changes in the abovementioned discount rate projections made by the Company's management. As a result of this analysis, management did not identify any impairment for goodwill of \$82,107 and \$82,065 as at 31 December 2025 and 2024 which is allocated to this cash-generating unit.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for both channel and manufacturing units are most sensitive to the following assumptions:

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (a) Gross margin
- (b) Discount rates; and
- (c) Growth rate used to extrapolate cash flows beyond the budget period.

Gross margins – Gross margins are based on average values achieved in the one year preceding the start of the budget period. These exclude the possibility of margin increase over the budget period for anticipated efficiency improvements. The gross margins applied for the channel unit and the manufacturing unit remained the same.

Discount rates – Discount rates reflect the current market assessment of the risks specific to each cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Group, taking into account the particular situations of the Group and its operating segments. The WACC includes both the cost of liabilities and cost of equities. The cost of equities is derived from the expected returns of the Group's investors on capital, where the cost of liabilities is measured by the interest-bearing loans that the Group has obligation to settle. Specific risk relating to the operating segments is accounted for by considering the individual beta factor which is evaluated annually and based on publicly available market information.

Growth rate estimates – Rates are based on industry average growth rates or local industry research. For the reasons explained above, the long-term average growth rates used to extrapolate the budget for the channel unit and the manufacturing unit have been adjusted based on industry average growth rates.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the channel unit and the manufacturing unit, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

The implications of the key assumptions for the recoverable amount are discussed below:

Raw materials price inflation – Management has considered the possibility of raw material price inflation. The Group used past actual raw material price movements as an indicator of future price movements. Management believes there is no raw materials price deviating from the budget for the years ended 31 December 2025 and 2024, and therefore no further impairment may arise.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

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Growth rate assumptions – Management recognizes that the speed of technological change and the possibility of new entrants can have a significant impact on growth rate assumptions. The effect of new entrants is not expected to have an adverse impact on the forecasts included in the budget. The estimated long-term growth rate of channel unit, and manufacturing unit were 2%, 2%, and 2.2%, 2.1% for the years ended 31 December 2025 and 2024, respectively. Management deemed these growth rates reasonable after considering the long-term growth rate and the economic environment for the years ended 31 December 2025 and 2024. Therefore, no further impairment may result.

(12) Short-term loans

	As at 31 December	
	2025	2024
Unsecured bank loans	\$1,790,000	\$3,200,000
Secured bank loans	270,385	363,629
Total	<u>\$2,060,385</u>	<u>\$3,563,629</u>
Interest Rates (%)	1.88%~5.90%	1.88%-6.70%

The Group's unused short-term lines of credits amounted to \$5,385,365 and \$2,133,571 as at 31 December 2025 and 2024, respectively.

Please refer to Note 8 for more details on secured loans.

(13) Financial liabilities at fair value through profit or loss, current

Items	As at 31 December	
	2025	2024
Held for trading :		
Derivatives not designated as hedging instruments		
Forward foreign exchange contracts	<u>\$823</u>	<u>\$558</u>

Please refer to Note 12.8 for details of forward foreign exchange contracts.

(14) Other payables

	As at 31 December	
	2025	2024
Accrued sales discounts	\$510,428	\$431,562
Accrued payroll and bonus	298,831	370,635
Compensation payable	246,940	279,541
Accrued freight and tariff	174,090	155,569
Output tax	128,872	78,028
Accrued VAT payables	25,303	25,762
Accrued land and building payables	-	286,755
Others	470,702	655,609
Total	<u>\$1,855,166</u>	<u>\$2,283,461</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(15) Long-term loans

(a) As at 31 Dec. 2025

Lenders	Type	As at 31 Dec. 2025	Maturity date and terms of repayment	Guarantee
E.SUN Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	\$1,000,000	2025/12-2027/05 Interest is paid monthly. Principal repaid at maturity.	None
E.SUN Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	700,000	2022/05-2027/05 Interest is paid monthly; repayable annually starting from 2 years after the drawdown of the loan. The annual payment of each year is 100 million, 200 million, 300 million, and 400 million.	None
First Bank	Credit	200,000	2025/11-2027/07 Interest is paid monthly. Principal repaid at maturity.	None
Exim Bank	Credit	170,000	2025/12-2029/12 Interest is paid quarterly; the first installment is due 12 months from the drawdown date, and thereafter, installments are due every 6 months, with a total of 7 installments for the principal repayment on a straight-line basis.	None
KGI Bank	Credit	47,000	2025/09-2027/08 Interest is paid monthly. Principal repaid at maturity.	None
Subtotal		<u>2,117,000</u>		
Less: current portion		324,286		
Total		<u><u>\$1,792,714</u></u>		
Interest rate		2.00%~2.3453%		

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
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(b) As at 31 Dec. 2024

Lenders	Type	As at 31 Dec. 2024	Maturity date and terms of repayment	Guarantee
E.SUN Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	\$900,000	2022/05-2027/05 Interest is paid monthly; repayable annually starting from 2 years after the drawdown of the loan. The annual payment of each year is 100 million, 200 million, 300 million, and 400 million.	None
Subtotal		900,000		
Less: current portion		(200,000)		
Total		\$700,000		
Interest rate		2.3535%		

Please refer to Note 9(3) for further details on syndicated bank loans.

(16) Post-employment benefits

Defined contribution plan

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Group will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Group has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Expenses under the defined contribution plan for the years ended 31 December 2025 and 2024 were \$119,532 and \$124,924, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. The Company's 2019 pension fund deposited at the Bank of Taiwan has reached sufficient allocation and does not require further allocation based on the approval of the management department of processing zone. Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is managed by the in-house managers or under discretionary accounts, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement 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. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute \$12,508 to its defined benefit plan in the next year starting from 31 December 2025.

The average duration of the defined benefits plan obligation as at 31 December 2025 and 2024, were 13 years and 14 years.

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Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Pension costs recognized in profit or loss for the years ended 31 December 2025 and 2024:

	For the years ended 31 December	
	2025	2024
Current period service costs	\$3,241	\$2,430
Interest income or expense	30,579	26,218
Total	\$33,820	\$28,648

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As at		
	31 December 2025	31 December 2024	1 January 2024
Defined benefit obligation	\$830,695	\$819,860	\$870,323
Plan assets at fair value	(811,950)	(780,050)	(827,112)
Defined benefit obligation	18,745	39,810	43,211
Other current liabilities — the Group expects to contribute in the coming year	(12,508)	(39,344)	(20,457)
Total	\$6,237	\$466	\$22,754
Other non-current assets — defined benefit obligation	\$(8,004)	\$(894)	\$-
Other non-current liabilities — defined benefit obligation	\$14,241	\$1,360	\$22,754

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As at 1 January 2024	\$870,323	\$(827,112)	\$43,211
Current period service costs	2,430	-	2,430
Net interest expense (income)	38,420	(12,202)	26,218
Subtotal	911,173	(839,314)	71,859
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	3,090	-	3,090
Actuarial gains and losses arising from changes in financial assumptions	(82,353)	-	(82,353)
Experience adjustments	(4,050)	-	(4,050)
Remeasurements of the net defined benefit asset	-	147,316	147,316
Subtotal	(83,313)	147,316	64,003

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
Payments from the plan	\$(45,852)	\$43,753	\$(2,099)
Contributions by employer	-	(92,618)	(92,618)
Effect of changes in foreign exchange rates	37,852	(39,187)	(1,335)
As at 31 December 2024	\$819,860	\$(780,050)	\$39,810
Current period service costs	3,241	-	3,241
Net interest expense (income)	43,184	(12,605)	30,579
Subtotal	866,285	(792,655)	73,630
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	2,586	-	2,586
Actuarial gains and losses arising from changes in financial assumptions	(21,161)	-	(21,161)
Experience adjustments	5,165	-	5,165
Remeasurements of the net defined benefit asset	-	(8,773)	(8,773)
Subtotal	(13,410)	(8,773)	(22,183)
Payments from the plan	(42,716)	37,506	(5,210)
Contributions by employer	-	(27,632)	(27,632)
Effect of changes in foreign exchange rates	20,536	(20,396)	140
As at 31 December 2025	\$830,695	\$(811,950)	\$18,745

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As at 31 December	
	2025	2024
Discount rate	1.39%-5.45%	1.65%-5.40%
Expected rate of salary increases	0.00%-3.00%	0.00%-3.00%

A sensitivity analysis for significant assumption as at 31 December 2025 and 2024 is, as shown below:

	Effect on the defined benefit obligation			
	2025		2024	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.5%	\$-	\$2,866	\$-	\$3,253
Discount rate decrease by 0.5%	3,057	-	3,481	-
Future salary increase by 0.5%	2,992	-	3,417	-
Future salary decrease by 0.5%	-	2,836	-	3,227

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Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(17) Equities

(a) Common stock

The Company's authorized capital was \$6,000,000 as at 1 January 2024, divided into 600,000,000 shares with par value of NT\$10 each. The paid-in capital amounted to \$4,089,940 with 408,993,962 shares issued. The registration change process of the 265,000 shares issued was not completed and the amount was recorded as capital collected in advance in the amount of \$3,259. For the year ended 31 December 2024, the registration change process of said 265,000 shares of employee stock options was completed and such shares have been converted to common stock.

For the year ended 31 December 2024, the employees converted their options into 470,000 shares and 151,000 shares at NT\$12.3 and NT\$11.5 per share, respectively. As at 31 December 2024, the registration change process for the above conversion of 620,000 shares was completed. The registration change process for the remaining 1,000 shares was not yet completed and the amount was recorded as capital collected in advance.

The Company's authorized capital was \$6,000,000 as at 31 December 2024, divided into 600,000,000 shares with par value of NT\$10 each. The paid-in capital amounted to \$4,096,151 with 409,614,962 shares issued. The registration change process of the 1,000 shares issued was not completed and the amount was recorded as capital collected in advance in the amount of \$11. Each share has one voting right and a right to receive dividends. For the year ended 31 December 2025, the registration change process of said 1,000 shares of employee stock options was completed and such shares have been converted to common stock.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended 31 December 2025, the employees converted their options into 1,402,000 shares at NT\$11.5 per share. As at 31 December 2025, the registration change process for the conversion was completed.

The Company's authorized capital was \$6,000,000 as at 31 December 2025, divided into 600,000,000 shares with par value of NT\$10 each. The paid-in capital amounted to \$4,110,170 with 411,016,962 shares issued. Each share has one voting right and a right to receive dividends.

(b) Capital surplus

	As at 31 December	
	2025	2024
Additional paid-in capital	\$917,274	\$915,170
Share-based payment transactions	72,590	70,141
Share of changes in net assets of associates and joint ventures accounted for using the equity method	6,005	6,005
Premium from merger	1,895	1,895
Total	<u>\$997,764</u>	<u>\$993,211</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c) Retained earnings and dividend policies

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

- A. Payment of all taxes and dues;
- B. Offset prior years' operation losses;
- C. Set aside 10% of the remaining amount after deducting items A and B as legal reserve;
- D. Set aside or reverse special reserve in accordance with law and regulations; and
- E. The distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the shareholders' meeting.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The policy of dividend distribution should reflect factors such as the current and future development plan, investment environment, fund requirements and domestic and international competition; as well as the interest of the shareholders. At least 30% of the dividends must be distributed to shareholders annually. The Company seeks sustainable development based on capital expenditure, business expansion and financial planning. Earnings distribution can be made in the form of stock dividends or cash dividends. However, cash dividends must be greater than 60% of the current year bonus distributed to shareholders. The dividend distribution policy may depend on the company's business needs, reinvestment or merger and acquisition capital requirements, and major regulatory requirement changes. The board of directors shall submit a proposal to the shareholders meeting to adjust the cash dividend distribution ratio appropriately.

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

When the Company distributes distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

On 31 March 2021, the FSC issued Order No. Financial – Supervisory – Securities – Corporate – 1090150022, which sets out the following provisions for compliance. On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the special reserve in the amount equal to the reversal may be released for earnings distribution.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company did not have any special reserve due from first-time adoption of the IFRS.

Details of the 2024 and 2023 earnings distribution and dividends per share as resolved by the shareholders' meeting on 23 May 2025 and 30 May 2024, are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2024	2023	2024	2023
Legal reserve	\$42,245	\$59,053		
Special reserve (reversal)	-	(29,041)		
Common stock – cash dividend (Note)	143,856	491,357	\$0.35	\$1.2

Note: As stipulated in the Articles of Incorporation, a special resolution was passed at the board of directors' meeting held on 11 April 2025 to distribute the 2024 common stock cash dividend.

Please refer to Note 6(22) for more details on employees' compensation and remuneration to directors.

(18) Share-based payment plans

- (a) On 10 August 2020, the Company was authorized by the Financial Supervisory Commission Republic of China, Executive Yuan, to issue non-compensatory employee share options with a total number of 10,200 units. Each unit entitles an optionee to subscribe for 1,000 shares of the Company's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares. The exercise price of the option was set at the closing price of the Company's common share on the grant date. The optionee may exercise 50% and 100% of the options starting two years and three years, respectively, from the grant date by the plan. The contractual term of each option granted is five years. If there are changes in the common shares of the Company, the exercise price of share options will be recalculated and adjusted in proportion to the number of shares being held by each of the optionee.

The contractual term of each option granted is five years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these employee share options.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As at 31 December 2025, the Company has not cancelled or modified the share-based payment plan proposed for employees. The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (unit)	Total number of share options outstanding (unit)	Shares to be subscribed (unit)	Exercise price of share options (NT\$)
10 Aug. 2020	10,200	-	-	\$-

a. The following table contains further details on the aforementioned share-based payment plan for the years ended 31 December 2025 and 2024:

	As at 31 December 2025		As at 31 December 2024	
	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT\$)	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT\$)
Outstanding at beginning of period	4,349	\$11.50	6,570	\$12.30
Converted	(1,402)	11.50	(621)	12.11
Forfeited	(2,947)	11.10	(1,600)	12.00
Outstanding at end of period	-	\$-	4,349	\$11.50
Weighted average fair value of share options (NT\$)	\$3.1		\$3.1	

Note: The weighted average share price on the execution date of the share options was NT\$14.01.

b. The following table contains further details on the aforementioned share-based payment plan as at 31 December 2025:

Share options	Range of exercise price (NT\$)	Number (unit)	Maturity date	Share options outstanding		Share options exercisable	
				Weighted average remaining contractual life (Years)	Weighted average exercise price of share options (NT\$)	Number of share options (unit)	Weighted average exercise price (NT\$)
10 Aug. 2020 Share options plan - 10,200 units issued	\$11.50	-	9 Aug. 2025	0.00	\$-	-	\$-

Note: If there are changes in the common shares of the Company (such as capital increase by cash or capitalization of retained earnings), the exercise price of share options will be adjusted according to the employee share options plan.

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The compensation cost is accounted for under the fair value method. The fair value of the share options is estimated at the grant date using a Black-Scholes model, taking into account the terms and conditions upon which the share options were granted. The Company recognized compensation expense of \$0 for the years ended 31 December 2025 and 2024, respectively. The following table lists the inputs to the model used for the plan:

For the 10,200 units issued:

	<u>Share-based payment plan</u>
Dividend yield (%)	0%
Expected volatility (%)	28.51%
Risk-free interest rate (%)	0.31%
Expected option life (Years)	5 years

- (b) On 14 February 2022, the Company was authorized by the Financial Supervisory Commission Republic of China, Executive Yuan, to issue non-compensatory employee share options with a total number of 2,100 units. Each unit entitles an optionee to subscribe for 1,000 shares of the Company's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares. The exercise price of the option was set at the closing price of the Company's common share on the grant date. The optionee may exercise 50% and 100% of the options starting two years and three years, respectively, from the grant date by the plan. The contractual term of each option granted is five years. If there are changes in the common shares of the Company, the exercise price of share options will be recalculated and adjusted in proportion to the number of shares being held by each of the optionee.

The contractual term of each option granted is five years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these employee share options.

As at 31 December 2025, the Company has not cancelled or modified the share-based payment plan proposed for employees. The relevant details of the aforementioned share-based payment plan are as follows:

<u>Date of grant</u>	<u>Total number of share options granted (unit)</u>	<u>Total number of share options outstanding (unit)</u>	<u>Shares to be subscribed (unit)</u>	<u>Exercise price of share options (NT\$)</u>
14 Feb. 2022	2,100	850	850	\$13.20

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Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- a. The following table contains further details on the aforementioned share-based payment plan for the years ended 31 December 2025 and 2024:

	As at 31 December 2025		As at 31 December 2024	
	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT\$)	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT\$)
Outstanding at beginning of period	1,600	\$13.70	1,600	\$14.60
Additions	-	-	-	-
Forfeited	(750)	13.20	-	-
Outstanding at end of period	<u>850</u>	<u>\$13.20</u>	<u>1,600</u>	<u>\$13.70</u>
Weighted average fair value of share options (NT\$)	<u>\$3.5</u>		<u>\$3.5</u>	

- b. The following table contains further details on the aforementioned share-based payment plan as at 31 December 2025:

Share options	Range of exercise price (NT\$)	Number (unit)	Share options outstanding			Share options exercisable	
			Maturity date	Weighted average remaining contractual life (Years)	Weighted average exercise price of share options (NT\$)	Number (unit)	Weighted average exercise price of share options (NT\$)
14 Feb. 2022 Share options plan – 2,100 units issued	\$13.70	850	13 Feb. 2027	1.08	\$13.20	850	\$13.20

Note: If there are changes in the common shares of the Company (such as capital increase by cash or capitalization of retained earnings), the exercise price of share options will be adjusted according to the employee share options plan.

The compensation cost is accounted for under the fair value method. The fair value of the share options is estimated at the grant date using a Black-Scholes model, taking into account the terms and conditions upon which the share options were granted. The Company recognized compensation expense of \$78 and \$1,050 for the years ended 31 December 2025 and 2024, respectively. The following table lists the inputs to the model used for the plan:

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For the 2,100 units issued:

	<u>Share-based payment plan</u>
Dividend yield (%)	0%
Expected volatility (%)	25.71%
Risk-free interest rate (%)	0.64%
Expected option life (Years)	5 years

(c) Stock appreciation right plan for employees

In July 2022, the Company implemented a compensation plan to grant 1,500 units of the cash-settled stock appreciation rights to qualified employees of the Company without consideration. One unit of stock appreciation right to employees represents a right to the intrinsic value of 1,000 common shares of Globe Union Industrial Corp. The life of the plan is two years. Upon maturity of one and a half years following the date of grant, those employees who fulfill both service period and performance conditions set by the Company are eligible for the vested stock appreciation right at certain percentage. For those employees who fail to meet the vesting conditions, the Company will withdraw their rights without consideration. During the vesting period, the holders of the stock appreciation right are not entitled to the same rights as those of common stockholders of Globe Union Industrial Corp.

The compensation cost for the cash-settled share-based payment was measured at fair value on the grant date by using Black-Scholes Option Pricing Model and will be remeasured at the end of each reporting period until settlement. As at 31 December 2025, the assumptions used are as follows:

	<u>Stock appreciation right plan for employees</u>
Share price of measurement date (NT\$/unit)	\$15.45
Dividend yield (%)	0%
Expected volatility (%)	18.35%
Risk-free interest rate (%)	1.08%
Expected option life (Years)	0 year

The Company recognized the compensation expense of \$0 for the years ended 31 December 2025 and 2024, respectively. The liability of \$0 under the stock appreciation right plan were recognized in accrued expenses as at 31 December 2025 and 2024, respectively. The intrinsic value for the liability of vested rights was \$0.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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(d) Stock appreciation right plan for employees

In July 2023, the Company implemented a compensation plan to grant 1,000 units of the cash-settled stock appreciation rights to qualified employees of the Company without consideration. One unit of stock appreciation right to employees represents a right to the intrinsic value of 1,000 common shares of Globe Union Industrial Corp. The life of the plan is three and a half years. Upon maturity of one year following the date of grant, those employees who fulfill both service period and performance conditions set by the Company are eligible for the vested stock appreciation right at certain percentage. The plan was terminated on 9 July 2024, with an exercise period of two years after the termination date. Upon maturity of one year following the date of grant, those employees who fulfill service period and performance conditions set by the Company are eligible for the vested stock appreciation right at certain percentage. For those employees who fail to meet the vesting conditions, the Company will withdraw their rights without consideration. During the vesting period, the holders of the stock appreciation right are not entitled to the same rights as those of common stockholders of Globe Union Industrial Corp.

The compensation cost for the cash-settled share-based payment was measured at fair value on the grant date by using Black-Scholes Option Pricing Model and will be remeasured at the end of each reporting period until settlement. As at 31 December 2025, the assumptions used are as follows:

	<u>Stock appreciation right plan for employees</u>
Share price of measurement date (NT\$/unit)	\$10.05
Dividend yield (%)	0%
Expected volatility (%)	17.41%
Risk-free interest rate (%)	1.23%
Expected option life (Years)	0.5 years

The Company recognized the compensation expense of \$(1,472) and \$218 for the years ended 31 December 2025 and 2024, respectively. The liability of \$4 and \$1,476 under the stock appreciation right plan was recognized in accrued expenses as at 31 December 2025 and 2024, respectively. The intrinsic value for the liability of vested rights was \$4.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

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- (e) On 9 August 2023, the Company was authorized by the Financial Supervisory Commission Republic of China, Executive Yuan, to issue non-compensatory employee share options with a total number of 1,400 units. Each unit entitles an optionee to subscribe for 1,000 shares of the Company's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares. The exercise price of the option was set at the closing price of the Company's common share on the grant date. The optionee may exercise 50% and 100% of the options starting two years and three years, respectively, from the grant date by the plan. The contractual term of each option granted is five years. If there are changes in the common shares of the Company, the exercise price of share options will be recalculated and adjusted in proportion to the number of shares being held by each of the optionee.

The contractual term of each option granted is five years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these employee share options.

As at 31 December 2025, the Company has not cancelled or modified the share-based payment plan proposed for employees. The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (unit)	Total number of share options outstanding (unit)	Shares to be subscribed (unit)	Exercise price of share options (NT\$)
9 Aug. 2023	1,400	1,400	700	\$12.80

- a. The following table contains further details on the aforementioned share-based payment plan for the years ended 31 December 2025 and 2024:

	As at 31 December 2025		As at 31 December 2024	
	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT\$)	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT\$)
Outstanding at beginning of period	1,400	\$13.20	1,400	\$14.10
Additions	-	-	-	-
Forfeited	-	-	-	-
Outstanding at end of period	<u>1,400</u>	<u>\$12.80</u>	<u>1,400</u>	<u>\$13.20</u>
Weighted average fair value of share options (NT\$)	<u>\$2.86</u>		<u>\$2.86</u>	

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Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- b. The following table contains further details on the aforementioned share-based payment plan as at 31 December 2025:

Share options	Range of exercise price (NT\$)	Number (unit)	Maturity date	Share options outstanding		Share options exercisable	
				Weighted average remaining contractual life (Years)	Weighted average exercise price of share options (NT\$)	Number (unit)	Weighted average exercise price of share options (NT\$)
9 Aug. 2023 Share options plan – 1,400 units issued	\$13.20	1,400	8 Aug. 2028	2.58	\$12.80	700	\$12.80

Note: If there are changes in the common shares of the Company (such as capital increase by cash or capitalization of retained earnings), the exercise price of share options will be adjusted according to the employee share options plan.

The compensation cost is accounted for under the fair value method. The fair value of the share options is estimated at the grant date using a Black-Scholes model, taking into account the terms and conditions upon which the share options were granted. The Company recognized compensation expense of \$1,252 and \$1,668 for the years ended 31 December 2025 and 2024, respectively. The following table lists the inputs to the model used for the plan:

For the 1,400 units issued:

	Share-based payment plan
Dividend yield (%)	0%
Expected volatility (%)	20.35%
Risk-free interest rate (%)	1.09%
Expected option life (Years)	5 years

- (f) On 12 November 2024, the Company was authorized by the Financial Supervisory Commission Republic of China, Executive Yuan, to issue non-compensatory employee share options with a total number of 750 units. Each unit entitles an optionee to subscribe for 1,000 shares of the Company's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares. The exercise price of the option was set at the closing price of the Company's common share on the grant date. The optionee may exercise 50% and 100% of the options starting two years and three years, respectively, from the grant date by the plan. The contractual term of each option granted is five years. If there are changes in the common shares of the Company, the exercise price of share options will be recalculated and adjusted in proportion to the number of shares being held by each of the optionee.

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Notes to Consolidated Financial Statements (Continued)

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The contractual term of each option granted is five years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these employee share options.

As at 31 December 2025, the Company has not cancelled or modified the share-based payment plan proposed for employees. The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (unit)	Total number of share options outstanding (unit)	Shares to be subscribed (unit)	Exercise price of share options (NT\$)
12 Nov. 2024	750	750	-	\$14.30

a. The following table contains further details on the aforementioned share-based payment plan for the years ended 31 December 2025 and 2024:

	As at 31 December 2025		As at 31 December 2024	
	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT\$)	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT\$)
Outstanding at beginning of period	750	\$14.80	-	\$-
Additions	-	-	750	14.80
Forfeited	-	-	-	-
Outstanding at end of period	750	\$14.30	750	\$14.80
Weighted average fair value of share options (NT\$)	\$3.58		\$3.58	

b. The following table contains further details on the aforementioned share-based payment plan as at 31 December 2025:

Share options	Range of exercise price (NT\$)	Number (unit)	Maturity date	Share options outstanding		Share options exercisable	
				Weighted average remaining contractual life (Years)	Weighted average exercise price of share options (NT\$)	Number (unit)	Weighted average exercise price of share options (NT\$)
12 Nov. 2024 Share options plan – 750 units issued	\$14.80	750	11 Nov. 2029	3.83	\$14.30	-	\$14.30

Note: If there are changes in the common shares of the Company (such as capital increase by cash or capitalization of retained earnings), the exercise price of share options will be adjusted according to the employee share options plan.

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The compensation cost is accounted for under the fair value method. The fair value of the share options is estimated at the grant date using a Black-Scholes model, taking into account the terms and conditions upon which the share options were granted. The Company recognized compensation expense of \$1,119 and \$186 for the year ended 31 December 2025 and 2024, respectively. The following table lists the inputs to the model used for the plan:

For the 750 units issued:

	<u>Share-based payment plan</u>
Dividend yield (%)	0%
Expected volatility (%)	24.10%
Risk-free interest rate (%)	1.45%
Expected option life (Years)	5 years

(19) Operating revenue

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Revenue from contracts with customers		
Sale of goods	\$19,136,590	\$19,973,069
Less : sales returns and allowance	<u>(1,746,612)</u>	<u>(1,811,625)</u>
Total	<u>\$17,389,978</u>	<u>\$18,161,444</u>

(a) Disaggregation of revenue

For the year ended 31 December 2025

	<u>Taiwan</u>	<u>China</u>	<u>America</u>	<u>Europe</u>	<u>Total</u>
	<u>Segment</u>	<u>Segment</u>	<u>Segment</u>	<u>Segment</u>	<u>Segment</u>
Sale of goods	<u>\$660,106</u>	<u>\$103,416</u>	<u>\$8,644,145</u>	<u>\$7,982,311</u>	<u>\$17,389,978</u>

For the year ended 31 December 2024

	<u>Taiwan</u>	<u>China</u>	<u>America</u>	<u>Europe</u>	<u>Total</u>
	<u>Segment</u>	<u>Segment</u>	<u>Segment</u>	<u>Segment</u>	<u>Segment</u>
Sale of goods	<u>\$1,059,600</u>	<u>\$153,245</u>	<u>\$9,263,207</u>	<u>\$7,685,392</u>	<u>\$18,161,444</u>

The Group recognizes revenues when control of the products is transferred to the customers, therefore the performance obligation is satisfied at a point in time.

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(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(20) Expected credit losses

	For the years ended 31 December	
	2025	2024
Operating expenses – Expected credit losses		
Accounts receivable	\$18,627	\$6,478

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

The Group measures the loss allowance of its accounts receivable at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as at 31 December 2025 and 2024 is as follows:

- (a) The Group considers the grouping of accounts receivable by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follows:

31 December 2025

	Not yet due	Overdue				Total
		1-90 days	91-180 days	181-365 days	Upon 366 days	
Gross carrying amount	\$2,067,640	\$243,829	\$24,042	\$4,986	\$1,088	\$2,341,585
Loss ratio	0.51%	0.21%	0.62%	100.00%	100.00%	
Lifetime expected credit losses	(10,625)	(514)	(150)	(4,986)	(1,088)	(17,363)
Carrying amount	\$2,057,015	\$243,315	\$23,892	\$-	\$-	\$2,324,222

31 December 2024

	Not yet due	Overdue				Total
		1-90 days	91-180 days	181-365 days	Upon 366 days	
Gross carrying amount	\$1,959,317	\$222,915	\$30,336	\$2,456	\$367	\$2,215,391
Loss ratio	-%	-%	0.36%	100.00%	100.00%	
Lifetime expected credit losses	-	-	(110)	(2,456)	(367)	(2,933)
Carrying amount	\$1,959,317	\$222,915	\$30,226	\$-	\$-	\$2,212,458

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(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (b) The movement in the provision for impairment of accounts receivable during the years ended 31 December 2025 and 2024 is as follows:

	<u>Accounts receivable</u>
Beginning balance at 1 Jan. 2025	\$2,933
Addition for the current period	18,627
Write off	(4,519)
Exchange differences	322
Ending balance at 31 Dec. 2025	<u><u>\$17,363</u></u>
	<u>Accounts receivable</u>
Beginning balance at 1 Jan. 2024	\$2,780
Addition for the current period	6,478
Write off	(6,647)
Exchange differences	322
Ending balance at 31 Dec. 2024	<u><u>\$2,933</u></u>

(21) Leases

(a) Group as a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and equipment, transportation equipment, office equipment and other equipment. The lease terms range from 2 to 47 years. There are no restrictions placed upon the Group by entering into these leases.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

(i) Right-of-use assets

The carrying amount of right-of-use assets

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Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As at 31 December	
	2025	2024
Land	\$135,157	\$139,549
Buildings	1,391,959	1,063,087
Machinery and equipment	61,249	27,917
Transportation equipment	239,907	144,498
Other equipment	21,859	16,750
Total	<u>\$1,850,131</u>	<u>\$1,391,801</u>

During the years ended 31 December 2025 and 2024, the Group's additions to right-of-use assets amounted to \$1,175,773 and \$212,042, respectively.

(ii) Lease liabilities

	As at 31 December	
	2025	2024
Current	\$345,349	\$340,904
Non-current	1,523,734	1,052,274
Lease liabilities	<u>\$1,869,083</u>	<u>\$1,393,178</u>

Please refer to Note 6(23)(c) for the interest on lease liabilities recognized during the years ended 31 December 2025 and 2024, and refer to Note 12(5) liquidity risk management for the maturity analysis for lease liabilities as at 31 December 2025.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2025	2024
Land	\$4,911	\$5,023
Buildings	256,118	314,637
Machinery and equipment	14,709	14,663
Transportation equipment	98,404	101,190
Other equipment	13,009	9,884
Total	<u>\$387,151</u>	<u>\$445,397</u>

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Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Impairment loss on right-of-use assets

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Buildings	\$14,261	\$-
Machinery and equipment	7,880	-
Transportation equipment	9,640	-
Total	<u>\$31,781</u>	<u>\$-</u>

PJH Group Limited, a sub-subsidiary of the Company, plans to clear out some right-of-use asset that was no longer usable according to current conditions, in order to improve the utilization rate of plant space allocation. For the years ended 31 December 2025, parts of the property, plant and equipment were written down to the recoverable amount. The Group recognized the impairment loss in the amount of \$31,781, which has been included in other gains and losses in the statement of comprehensive income.

C. Income and costs relating to leasing activities

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
The expenses relating to short-term leases	\$94,646	\$56,778
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	-	691
The expenses relating to variable lease payments not included in the measurement of lease liabilities	519	540
Total	<u>\$95,165</u>	<u>\$58,009</u>

D. Cash outflow relating to leasing activities

During the years ended 31 December 2025 and 2024, the Group's total cash outflows for leases were amounted to \$548,231 and \$615,148, respectively.

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Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

E. Other information relating to leasing activities

(i) Variable lease payments

Some of the Group's warehouse rental agreements contain variable payment terms that are linked to daily usage of pallets in warehouses, which is common in the industry of the Group. As such variable lease payments do not meet the definition of lease payments, those payments are not included in the measurement of the assets and liabilities.

Some of the Group's warehouse and office rental agreements contain actual payment terms that are linked to monthly usage of common area maintenance and property taxes, which is common in the industry of the Group. As such variable lease payments do not meet the definition of lease payments, those payments are not included in the measurement of the assets and liabilities.

(ii) Extension and termination options

Some of the Group's property rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group.

After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

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(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(22) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2025 and 2024:

Function Nature	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$945,504	\$2,087,070	\$3,032,574	\$1,145,305	\$2,009,278	\$3,154,583
Labor and health insurance	38,492	197,203	235,695	42,894	184,166	227,060
Pension	74,454	78,898	153,352	83,314	70,258	153,572
Other employee benefits expense	60,442	45,324	105,766	63,089	53,558	116,647
Depreciation	322,603	450,730	773,333	392,288	448,111	840,399
Amortization	596	29,654	30,250	612	25,699	26,311

According to the Company's Articles of Incorporation, if the Company was profitable during the year (the term profit refers to pre-tax profit before the allocation of employee and director remuneration), at least 2% of the profit shall be allocated as employee remuneration first (with no less than 25% of this amount allocated to non-executive employees), and no more than 2% can be allocated as remuneration for directors. However, an amount shall be set aside in advance to compensate for cumulative losses, if any. Employee remuneration can be paid in shares or cash to qualified employees, and eligible recipients may include the employees of parents or subsidiaries of the company meeting certain specific requirements. The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or cash, including employees of companies under control or affiliated companies meeting certain conditions. Such distribution shall be reported at the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and directors' remuneration is available from the "Market Observation Post System" on the website of the TWSE.

Based on the profit of the year ended 31 December 2025, the Company estimated the amounts of employees' compensation and remuneration to directors for the year ended 31 December 2025 to be 3.04% and 0%, respectively. The employees' compensation and remuneration to directors for the year ended 31 December 2025 amounted to \$2,400 and \$0, respectively, and were recognized as salary expense.

A resolution was passed at a board meeting held on 11 March 2026 to distribute \$2,400 and \$0 in cash as 2025 employees' compensation and remuneration to directors, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2025.

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(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A resolution was passed at a board meeting held on 6 March 2025 to distribute \$19,380 and \$3,420 in cash as 2024 employees' compensation and remuneration to directors, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2024.

No material differences existed between the estimated amount and the actual distribution of the employees' compensation and remuneration to directors for the year ended 31 December 2024.

(23) Non-operating income and expenses

(a) Other income

	For the years ended 31 December	
	2025	2024
Interest income		
Financial assets measured at amortized cost	\$50,067	\$65,433
Dividend revenue	6,991	11,197
Others	72,175	48,393
Total	<u>\$129,233</u>	<u>\$125,023</u>

(b) Other gains and losses

	For the years ended 31 December	
	2025	2024
Foreign exchange losses, net	\$(3,221)	\$(21,406)
Losses on disposal of property, plant and equipment	(21,850)	(12,345)
Impairment losses	(69,184)	(48,498)
Gains on financial assets and liabilities at fair value through profit or loss	14,898	26,555
Gains on lease modification	24,053	212,761
Other gains (miscellaneous expenses)	28,420	(12,310)
Total	<u>\$(26,884)</u>	<u>\$144,757</u>

(c) Finance costs

	For the years ended 31 December	
	2025	2024
Interest on loans from bank	\$104,734	\$84,260
Interest on lease liabilities	97,006	131,034
Total	<u>\$201,740</u>	<u>\$215,294</u>

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(24) Components of other comprehensive income

For the year ended 31 December 2025:

Item	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$22,183	\$-	\$22,183	\$(5,191)	\$16,992
Unrealized gains on financial assets at fair value through other comprehensive income	17,652	-	17,652	-	17,652
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	(101,486)	-	(101,486)	-	(101,486)
Total of other comprehensive loss	\$(61,651)	\$-	\$(61,651)	\$(5,191)	\$(66,842)

For the year ended 31 December 2024:

Item	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$(64,003)	\$-	\$(64,003)	\$16,436	\$(47,567)
Unrealized gains on financial assets at fair value through other comprehensive income	88,482	-	88,482	-	88,482
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	448,828	-	448,828	-	448,828
Total of other comprehensive income	\$473,307	\$-	\$473,307	\$16,436	\$489,743

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Notes to Consolidated Financial Statements (Continued)

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(25) Income tax

The major components of income tax expense are as follows:

(a) Income tax expense recognized in profit or loss

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Current income tax expense (income):		
Current income tax charge	\$237,497	\$216,730
Adjustments in respect of current income tax of prior periods	(4,834)	(12,194)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	36,546	(36,506)
Tax expense recognized in the period for previously unrecognized temporary difference of prior period	(195)	(204)
Total income tax expense	<u>\$269,014</u>	<u>\$167,826</u>

(b) Income tax relating to components of other comprehensive income

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Deferred tax (income) expense:		
Remeasurements of defined benefit plans	\$(5,191)	\$16,436
Income tax relating to components of other comprehensive income	<u>\$(5,191)</u>	<u>\$16,436</u>

(c) Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate is as follows:

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Accounting profit before tax from continuing operations	<u>\$150,748</u>	<u>\$637,839</u>
Tax at the domestic rates applicable to profits in the country concerned	\$83,322	\$229,024
Tax effect of revenues exempt from taxation	(1,055)	(1,912)
Tax effect of expenses not deductible for tax purposes	23,570	21,253
Tax effect of deferred tax assets/liabilities	152,739	(31,599)
Corporate income surtax on undistributed retained earnings	38,683	3,458
Adjustments in respect of current income tax of prior periods	(4,834)	(12,398)
Others	(23,411)	(40,000)
Total income tax expenses recorded in profit or loss	<u>\$269,014</u>	<u>\$167,826</u>

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(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(d) Deferred tax assets (liabilities) relate to the following:

(i) For the year ended 31 December 2025:

Items	Beginning balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance as at 31 December
Temporary difference					
Allowance to reduce inventories to market value	\$44,142	\$5,041	\$-	\$(1,715)	\$47,468
Defined benefit Liability – Non-current	14,552	3,024	(5,191)	368	12,753
Unrealized intragroup profits and losses	132,943	(43,810)	-	-	89,133
Unrealized accrued expense	82,972	(7,433)	-	(13,281)	62,258
Allowance for sales discounts	10,150	(4,730)	-	-	5,420
Bad debt loss	11,652	4,399	-	(418)	15,633
Unrealized exchange gain or loss	3,191	(2,954)	-	-	237
Revaluations of financial assets and liabilities at fair value through profit or loss	(97)	291	-	-	194
Depreciation	(31,404)	(36,635)	-	(831)	(69,735)
Investments accounted for under the equity method gain or loss	(11,775)	11,775	-	-	-
Loss carryforward	4,286	34,681	-	(67)	39,765
Deferred tax expense		<u>\$(36,351)</u>	<u>\$(5,191)</u>	<u>\$(15,944)</u>	
Net deferred tax assets/ (liabilities)	<u>\$260,612</u>				<u>\$203,126</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$336,893</u>				<u>\$249,374</u>
Deferred tax liabilities	<u>\$(76,281)</u>				<u>\$(46,248)</u>

(ii) For the year ended 31 December 2024:

Items	Beginning balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance as at 31 December
Temporary difference					
Allowance to reduce inventories to market value	\$67,923	\$(27,588)	\$-	\$3,807	\$44,142
Defined benefit Liability – Non-current	4,294	(6,449)	16,436	271	14,552
Unrealized intragroup profits and losses	113,259	19,684	-	-	132,943
Unrealized accrued expense	75,032	6,200	-	1,740	82,972
Allowance for sales discounts	13,367	(3,217)	-	-	10,150
Bad debt loss	8,660	2,373	-	619	11,652
Unrealized exchange gain or loss	2,601	590	-	-	3,191
Revaluations of financial assets and liabilities at fair value through profit or loss	-	(97)	-	-	(97)
Depreciation	(17,518)	(12,809)	-	(1,077)	(31,404)
Investments accounted for under the equity method gain or loss	-	(11,775)	-	-	(11,775)
Loss carryforward	7,491	(3,622)	-	417	4,286
Deferred tax expense/ (income)		<u>\$(36,710)</u>	<u>\$16,436</u>	<u>\$5,777</u>	
Net deferred tax assets/ (liabilities)	<u>\$275,109</u>				<u>\$260,612</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$292,627</u>				<u>\$336,893</u>
Deferred tax liabilities	<u>\$(17,518)</u>				<u>\$(76,281)</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

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(iii) Unrecognized deferred tax assets

As at 31 December 2025 and 2024, deferred tax assets that have not been recognized amount to \$316,346 and \$236,856, respectively.

(iv) Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Group's undistributed earnings from its overseas subsidiaries may be subject to income tax upon repatriation. In accordance with tax regulations, the Group recognizes deferred tax liabilities on their undistributed earnings. As at 31 December 2025 and 2024, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to \$446,198 and \$620,632, respectively.

(e) The unutilized accumulated losses for the Group were as follows:

Occurrence Year	Accumulated losses	Balance of unused investment tax credits as at		Expiration	Year
		31 December 2025	31 December 2024		
2019	\$472,170	\$472,170	\$466,854	2029~2039	(Note 1)
2020	109,745	109,745	105,851	2030~2040	(Note 1)
2021	355,233	355,233	342,612	2031~2041	(Note 1)
2022	353,794	181,044	174,165	2032~2042	
2023	246,705	151,340	144,470	2033	
2024	229,676	229,676	222,809	2034	
2025	331,501	331,501	-	2035	(Note 2)

Note 1: The sub-subsidiary, Gerber Plumbing Fixtures, LLC operates in multiple states in the United States. Due to differences in state tax laws, the carryforward period for loss deductions varies by state, with some states having no limitation on the carryforward period.

Note 2: The sub-subsidiary, PJH Group Limited, has no limitation on the carryforward period for loss deductions.

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(f) The assessment of income tax returns

As at 31 December 2025, the assessment of the income tax returns of the Company is as follows:

	<u>The assessment of income tax returns</u>
Globe Union Industrial Corp.	Assessed and approved up to 2023

The Company has filed a re-examination application to the National Taxation Bureau of the Central Area, Ministry of Finance regarding the tax assessment result for 2023 which is currently under assessment. The Company has assessed that this matter does not have a material impact on the financial statements.

As at 31 December 2025, all foreign subsidiaries governed by foreign tax authorities have filed income tax returns up to 2023.

(26) Earnings per share

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

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
(a) Basic (losses) earnings per share		
(Loss) profit attributable to ordinary equity holders of the Company	<u>\$(118,266)</u>	<u>\$470,013</u>
Weighted average number of ordinary shares outstanding for basic (losses) earnings per share (in thousands)	<u>410,914</u>	<u>409,451</u>
Basic (losses) earnings per share (NT\$)	<u>\$(0.29)</u>	<u>\$1.15</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
(b) Diluted (losses) earnings per share		
(Loss) profit attributable to ordinary equity holders of the Company	<u>\$(118,266)</u>	<u>\$470,013</u>
(Loss) profit attributable to ordinary equity holders of the Company after dilution	<u>\$(118,266)</u>	<u>\$470,013</u>
Weighted average number of ordinary shares outstanding for basic (losses) earnings per share (in thousands)	410,914	409,451
Effect of dilution:		
Employee compensation — stock (in thousands)	472	1,690
Employee stock options (in thousands)	<u>2,218</u>	<u>3,321</u>
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>413,604</u>	<u>414,462</u>
Diluted (losses) earnings per share (NT\$)	<u>\$(0.29)</u>	<u>\$1.13</u>

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

7. RELATED PARTY TRANSACTIONS

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

(a) Key management personnel compensation

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$177,370	\$193,202
Post-employment benefits and termination benefits	13,409	30,950
Share-based payment	<u>2,449</u>	<u>3,123</u>
Total	<u>\$193,228</u>	<u>\$227,275</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

8. ASSETS PLEDGED AS SECURITY

The following table lists assets of the Group pledged as security:

Item	Carrying amount as at 31 December		Secured liabilities
	2025	2024	
Financial assets measured at			
amortized cost	\$13,987	\$33,633	Secured for loans
Accounts receivable	775,983	727,131	Secured for loans
Inventory	1,351,410	1,354,721	Secured for purchase of equipment and loans
Land	296,657	309,399	Secured for other payables
Buildings	487,971	479,707	Secured for other payables and loans
Machinery and Equipment	717,266	866,159	Secured for purchase of equipment
Transportation Equipment	9,862	4,192	Secured for loans
Office Equipment	38,611	30,319	Secured for purchase of equipment and loans
Other Equipment	128,772	25,610	Secured for loans
Total	<u>\$3,820,519</u>	<u>\$3,830,871</u>	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

- (1) The Company and its subsidiaries provided endorsement/guarantee to related parties. Please refer to Note 13(1) (b) for more details.

- (2) In April 2022, the Company has entered into a syndicated loan agreement with E.SUN Commercial Bank and ten other lending institutions of syndicated credits, such as China Trust Commercial Bank, Taipei Fubon Commercial Bank, and Bank of Taiwan. The agreement contains the following restrictive covenants:
 - (a) The current ratio shall not be lower than 100%.
 - (b) The liability ratio shall not be higher than 200%.
 - (c) The interest coverage ratio shall not be lower than 2.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

According to the syndicated loan agreement, if the financial ratio of the Company does not meet the previous requirements, the Company should make improvement within six months after the end of the accounting period (the improvement period will not be regarded as default) and review the results in the next financial statement (the consolidated financial statements for the six-month period ended or for the year ended) to verify whether the improvement has been completed. If the Company completes the improvement in line with the previous financial ratio agreed, it is not regarded as default; otherwise, it is regarded as default. The Company did not violate the above covenants for the year ended 31 December 2025.

- (3) In December 2024, the Company's sub-subsidiary, Shenzhen Globe Union Enterprise Co., Ltd. (hereinafter referred to as "Shenzhen Globe Union"), entered into a cooperation agreement with Shenzhen Qianhai Huirui Enterprise Management Co., Ltd. for the urban renewal project of the Globe Union Industrial Zone. The two parties will collaborate under a co-development and property-sharing model. Upon completion of the urban renewal, Shenzhen Globe Union is expected to acquire approximately 28% to 32% of the total land area.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

- (1) Categories of financial instruments

Financial assets

	As at 31 December	
	2025	2024
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$5,386	\$5,309
Financial assets measured at amortized cost (Note)	5,254,418	5,925,383
Financial assets at fair value through other comprehensive income	187,553	169,901

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Notes to Consolidated Financial Statements (Continued)
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Financial liabilities

	As at 31 December	
	2025	2024
Financial liabilities at amortized cost:		
Short-term borrowings	\$2,060,385	\$3,563,629
Notes and accounts payable	1,480,736	1,528,552
Long-term loans (including current portion with maturity less than 1 year)	2,117,000	900,000
Other payables	1,855,166	2,283,461
Leases liabilities (including current portion with maturity less than 1 year)	1,869,083	1,393,178
Financial liabilities at fair value through profit or loss:		
Held for trading	823	558

Note: Including cash and cash equivalents (excluding cash on hand), accounts receivable, and financial assets measured at amortized cost.

(2) Financial risk management objectives and policies

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

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk, and other price risk (such as equity risk).

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

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(a) Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and CNY. The information of the sensitivity analysis is as follows:

When NTD strengthens against USD by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2025	\$-	\$8,934
For the year ended 31 December 2024	\$-	\$8,443

When NTD strengthens against CNY by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2025	\$-	\$18,735
For the year ended 31 December 2024	\$-	\$21,252

If NTD depreciates against the relevant currencies with all the other factors remaining the same, there would be a comparable impact on the pre-tax profit or equity, and the balances above would be negative.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with fixed interest rates and variable interest rates. Since the Group holds assets and borrowing funds with fixed and floating rates, it is exposed to interest rate risk. The Group conducts regular assessments to strengthen balance sheet management to maintain an appropriate portfolio, and assess whether to manage interest rate risk with swap contract, ensuring the adoption of the most cost-effective hedging strategies.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2025 and 2024 to decrease/increase by \$4,177 and \$4,464, respectively.

(c) Equity price risk

The fair value of the Group's listed equity securities is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed equity securities are classified under fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 5% in the price of the listed companies stocks classified as equity instrument investments measured at fair value through other comprehensive income could have an impact of \$9,378 and \$8,495 on the equity attributable to the Group for the years ended 31 December 2025 and 2024, respectively.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Credit risk management

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

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria, etc. Certain counterparties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As at 31 December 2025 and 2024, accounts receivable from top ten customers represented 42.41% and 40.59% of the total accounts receivable of the Group, respectively. The credit concentration risk of other accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses. The Group makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk, and then further determines the method of measuring the loss allowance and the loss rates.

The Group used simplified approach (Note) to assess the expected credit losses of accounts receivable. As at 31 December 2025 and 2024, the Group's overdue accounts receivable amounted to \$273,945 and \$256,074, respectively. As at 31 December 2025 and 2024, the expected credit loss was estimated at 2.46% and 1.15%, respectively, while the loss allowances were measured at \$6,738 and \$2,933, respectively.

Note: By using simplified approach (loss allowance is measured at lifetime expected credit losses).

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank loans. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as at the end of the reporting period.

Non-derivative financial liabilities

	<u>Less than 1 year</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>> 5 years</u>	<u>Total</u>
As at 31 December 2025					
Short-term borrowings	\$2,063,938	\$-	\$-	\$-	\$2,063,938
Notes and accounts payable	1,480,736	-	-	-	1,480,736
Long-term borrowings					
(including current portion with					
maturity less than 1 year)					
	367,133	1,764,845	49,283	-	2,181,261
Other payables	1,855,166	-	-	-	1,855,166
Leases liabilities	436,797	746,872	471,445	723,810	2,378,924
As at 31 December 2024					
Short-term borrowings	\$3,569,266	\$-	\$-	\$-	\$3,569,266
Notes and accounts payable	1,528,552	-	-	-	1,528,552
Long-term borrowings					
(including current portion with					
maturity less than 1 year)					
	218,044	715,690	-	-	933,734
Other payables	2,283,461	-	-	-	2,283,461
Leases liabilities	401,099	623,877	365,667	173,769	1,564,412

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Notes to Consolidated Financial Statements (Continued)

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Derivative financial liabilities

	<u>Less than 1 year</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>> 5 years</u>	<u>Total</u>
As at 31 December 2025					
Inflows	\$103,093	\$-	\$-	\$-	\$103,093
Outflows	(103,916)	-	-	-	(103,916)
Net	<u>\$(823)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$(823)</u>
As at 31 December 2024					
Inflows	\$209,185	\$-	\$-	\$-	\$209,185
Outflows	(209,743)	-	-	-	(209,743)
Net	<u>\$(558)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$(558)</u>

The table above contains the undiscounted net cash flows of derivative financial liabilities.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2025:

	<u>Short-term borrowings</u>	<u>Long-term borrowings (including current portion with maturity less than 1 year)</u>	<u>Leases liabilities</u>	<u>Total liabilities from financing activities</u>
As at 1 January 2025	\$3,563,629	\$900,000	\$1,393,178	\$5,856,807
Cash flows	(1,509,841)	1,217,000	(356,060)	(648,901)
Non-cash changes (Note)	-	-	846,731	846,731
Foreign exchange movement	6,597	-	(14,766)	(8,169)
As at 31 December 2025	<u>\$2,060,385</u>	<u>\$2,117,000</u>	<u>\$1,869,083</u>	<u>\$6,046,468</u>

Note: For the year ended 31 December 2025, the Group's lease liabilities decreased mainly due to the addition of new lease agreements.

Reconciliation of liabilities for the year ended 31 December 2024:

	<u>Short-term borrowings</u>	<u>Long-term borrowings (including current portion with maturity less than 1 year)</u>	<u>Leases liabilities</u>	<u>Total liabilities from financing activities</u>
As at 1 January 2024	\$2,293,648	\$1,300,000	\$2,319,500	\$5,913,148
Cash flows	1,260,769	(400,000)	(426,105)	434,664
Non-cash changes (Note)	-	-	(621,669)	(621,669)
Foreign exchange movement	9,212	-	121,452	130,664
As at 31 December 2024	<u>\$3,563,629</u>	<u>\$900,000</u>	<u>\$1,393,178</u>	<u>\$5,856,807</u>

Note: For the year ended 31 December 2024, the Group's lease liabilities increased mainly due to the addition of new lease agreements.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7) Fair values of financial instruments

- (a) The methods and assumptions applied in determining the fair value of financial instruments:

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

- a. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- c. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- d. Fair value of debt instruments without market quotations, bank loans and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
- e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Fair value of financial instruments measured at amortized cost

The carrying amounts of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at 31 December 2025 and 2024 is as follows:

Forward currency contracts

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts:

Items (by contract)	Notional Amount (in thousands)	Expiry Date
As at 31 December 2025		
Forward currency contract	Sell USD 3,800	January 2026
Forward currency contract	Sell GBP 4,480	From January 2026 to March 2026
As at 31 December 2024		
Forward currency contract	Sell USD 5,900	January 2025
Forward currency contract	Sell GBP 3,929	From January 2025 to March 2025

The counterparties for the aforementioned derivatives transactions are well known local or overseas banks, as they have sound credit ratings, the credit risk is insignificant.

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

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Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

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

As at 31 December 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$-	\$5,386	\$-	\$5,386
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	187,553	-	-	187,553
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	823	-	823

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As at 31 December 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$-	\$5,309	\$-	\$5,309
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	169,901	-	-	169,901
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	558	-	558

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements.

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date to ensure the valuation is reasonable .

- (c) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

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Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As at 31 December 2025

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (Note 6(9))	\$-	\$-	\$214,847	\$214,847

As at 31 December 2024

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (Note 6(9))	\$-	\$-	\$213,796	\$213,796

(10) Significant assets and liabilities denominated in foreign currencies

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

	Unit: In thousand foreign currency/ NT\$					
	As at 31 December 2025			As at 31 December 2024		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
CNY	\$499,042	4.50	\$2,245,689	\$641,991	4.478	\$2,874,836
USD	49,972	31.43	1,570,620	45,915	32.78	1,505,094
GBP	20,887	42.38	885,191	18,840	41.20	776,208
EUR	6,252	36.97	231,136	7,801	34.15	266,404
CAD	7,513	22.98	172,649	9,165	22.82	209,145
<u>Financial liabilities</u>						
Monetary items:						
GBP	\$26,495	42.38	\$1,112,858	\$24,270	41.20	\$999,924
USD	21,548	31.43	677,254	20,157	32.78	660,746
CNY	82,700	4.50	372,150	167,400	4.478	749,617
CAD	3,842	22.98	88,289	2,871	22.82	65,516
EUR	2,128	36.97	78,672	1,619	34.15	55,289

The Group is unable to disclose foreign exchange gains or losses on significant assets and liabilities denominated in foreign currencies because the Group entities have too many functional currencies. The exchange losses for the years ended 31 December 2025 and 2024 were \$3,221 and \$21,406, respectively.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

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(11) Capital management

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

(12) Financial asset transfer information

The Group entered into assignment agreements with recourse with financial institutions regarding some of its accounts receivable. Although the Group transfers the contract rights of the cash flow from such accounts receivable, the Group still has to bear the credit risk in accordance with the agreement in the event the accounts receivable are not recoverable. The transaction information is as follows:

31 December 2025

Lenders	Amount assigned	Prepaid amount (Note)
HSBC UK BANK PLC	\$775,983	\$270,385

31 December 2024

Lenders	Amount assigned	Prepaid amount (Note)
HSBC UK BANK PLC	\$727,131	\$363,629

Note: Reported on short-term loans.

13. OTHER DISCLOSURE

(1) Information on significant transactions

(a) Financing provided to others for the year ended 31 December 2025: All transactions below were between consolidated entities and have been eliminated in consolidation.

No (Note 1)	Lender	Counterparty	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note 6)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts		Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
												Item	Value	Item	Value		
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Other receivables	Yes	\$255,486 (USD 7,700,000)	\$242,011 (USD 7,700,000)	\$193,198 (USD 6,146,945)	5.40%	1	\$933,937	For business	\$-	-	\$-	\$933,937 (Note 3)	\$2,427,264 (Note 2)	

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No (Note 1)	Lender	Counterparty	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note 6)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
1	Gerber Plumbing Fixtures, LLC	GU PLUMBING de MEXICO S.A. de C.V.	Other receivables	Yes	\$763,140 (USD 23,000,000)	\$722,890 (USD 23,000,000)	\$720,734 (USD 22,931,406)	9.00%	2	\$-	For operating	\$-	-	\$-	\$989,078 (Note 5)	\$1,483,616 (Note 4)
2	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Ann Bo Manufacturing Co., Ltd.	Other receivables	Yes	\$896,308 (RMB 196,000,000)	\$432,000 (RMB 96,000,000)	\$144,000 (RMB 32,000,000)	3.00%	2	\$-	For operating	\$-	-	\$-	\$714,487 (Note 5)	\$714,487 (Note 2)

Note 1: The business transactions between the parent company and its subsidiaries should be indicated in the number column respectively. The method of filling in the numbers is as follows:

- (1) The parent company fills in 0.
- (2) Subsidiaries are numbered sequentially by the Arabic number 1 according to the company.

Note 2: Total financing was limited to 40% of net equity of the lender as at 31 December 2025, and was limited to the financing amount for individual counter-party.

Note 3: Financing to individual counterparty was limited to the total transaction amounts with the lender.

Note 4: Total financing was limited to 60% of net equity of the lender as at 31 December 2025.

Note 5: Financing to individual counterparty was limited to 40% of the net equity of the lender as at 31 December 2025.

Note 6: Code 1 represents an intercompany transaction call for a business contract; code 2 represents short-term financing.

(b) Endorsement/Guarantee provided to others for the year ended 31 December 2025:

No. (Note1)	Endorser/ Guarantor	Counterparty		Guarantee Limited Amount for Each Counterparty	Guarantee Maximum Balance for the Period	Guarantee Amount For the year ended 31 Dec. 2025	Amount Drawn	Amount of Collateral Guarantee	Ratio of Accumulated Amount of Guarantee Provided to Net Equity of the Latest Financial Statements	Guarantee Limited Amount	Guarantee from the Parent to Subsidiary	Guarantee from the Subsidiary to Parent	Guarantee from Mainland China
		Company Name	Relationship (Note 4)										
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	2	\$1,820,448 (Note 2)	\$763,140	\$722,890	\$720,734	\$-	11.91%	\$3,034,080 (Note 3)	Y	-	-

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note 1: The business transactions between the parent company and its subsidiaries should be indicated in the number column respectively. The method of filling in the numbers is as follows:

- (1) The parent company fills in 0.
- (2) Subsidiaries are numbered sequentially by the Arabic number 1 according to the company.

Note 2: The amount of guarantees/endorsements shall not exceed 30% of net equity of the guarantor as at 31 December 2025.

Note 3: The amount of guarantees/endorsements shall not exceed 50% of net equity of the guarantor as at 31 December 2025.

Note 4: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:

- (1) A company that has a business relationship with the provider.
- (2) A subsidiary in which the provider holds directly over 50% of equity interest.
- (3) An investee in which the provider and its subsidiaries hold over 50% of equity interest.
- (4) An investee in which the provider holds directly and indirectly over 90% of equity interest.
- (5) A company that has provided guarantees to the provider, and vice versa, due to contractual requirements.
- (6) An investee in which the provider conjunctly invests with other shareholders, and for which the provider has provided endorsement/guarantee in proportion to its shareholding percentage.
- (7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

(c) **Significant Securities held as at 31 December 2025 (excluding subsidiaries, associates and joint venture):**

Company Name	Securities Held	Relationship with the issuer of the securities (Note 1)	Account Stated	As at 31 December 2025			
				Number of shares	Book Value	Shareholding Ratio%	Fair Value
Globe Union Industrial Corp.	Stocks Thai Kin Co., Ltd.	-	Financial assets at fair value through other comprehensive income	1,471,000	\$187,553	3.84%	\$187,553

Note 1: If the securities issuer is not related to the Company, no information is required to be provided.

(d) **Purchases from or sales to related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended 31 December 2025:**

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Company Name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivable (payable)	
Globe Union Industrial Corp.	Milim G&G Ceramics Co., Ltd.	Sub-subsiary	Purchase	\$2,317,759	20.24%	60 days after EOAP	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	\$(356,335)	(24.06%)	-
Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Subsidiary	Purchase	\$922,305	8.05%	14 days after invoice date	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	\$(36,586)	(2.47%)	-
Globe Union Industrial Corp.	Globe Union Ann Bo Manufacturing Co. Ltd.	Subsidiary	Purchase	\$710,693	6.21%	60 days after EOAP	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	\$-	\$-	-
Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	Sub-subsiary	Sales	\$(4,962,350)	(28.54%)	45 days after invoice date	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	\$265,115	11.41%	-
Globe Union Industrial Corp.	Globe Union (Canada) Inc.	Sub-subsiary	Sales	\$(472,075)	(2.71%)	45 days after EOAP	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	\$18,784	0.81%	-
Milim G&G Ceramics Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	Sales	\$(2,317,759)	(13.33%)	60 days after EOAP	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	\$356,335	15.33%	-

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Company Name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivable (payable)	
GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	Group direct parent company	Sales	\$(922,305)	(5.30%)	14 days after invoice date	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	\$36,586	1.57%	-
Globe Union Ann Bo Manufacturing Co. Ltd.	Globe Union Industrial Corp.	Group direct parent company	Sales	\$(710,693)	(4.09%)	60 days after EOAP	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	\$-	\$-	-
Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	Group direct parent company	Purchase	\$4,962,350	43.33%	45 days after invoice date	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	\$(265,115)	(17.90%)	-
Globe Union (Canada) Inc.	Globe Union Industrial Corp.	Group direct parent company	Purchase	\$472,075	4.12%	45 days after EOAP	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	\$(18,784)	(1.27%)	-
Globe Union Ann Bo Manufacturing Co. Ltd.	Globe Union Germany GmbH & Co. KG	Associate	Sales	\$(310,171)	(1.78%)	60 days after EOAP	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	\$7,956	0.34%	-
Globe Union Germany GmbH & Co. KG	Globe Union Ann Bo Manufacturing Co., Ltd.	Associate	Purchase	\$310,171	2.71%	60 days after EOAP	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	\$(7,956)	(0.54%)	-

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(e) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as at 31 December 2025:

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
					Amount	collection status		
Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	Sub-subsidiary	\$265,115	17.3 times	\$-	-	\$265,115	\$-
Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Subsidiary	\$194,137	-	\$-	-	\$941	\$-
Milim G&G Ceramics Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	\$356,335 RMB 79,185,619	9.62 times	\$-	-	\$356,335 RMB 79,185,619	\$-
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Ann Bo Manufacturing Co. Ltd.	Associate	\$144,000 RMB 32,000,000	-	\$-	-	\$-	\$-
Gerber Plumbing Fixtures, LLC	GU PLUMBING de MEXICO S.A. de C.V.	Associate	\$739,066 USD 23,514,664	-	\$-	-	\$18,924 USD 602,108	\$-

(f) Significant intercompany transactions between consolidated entities are as follows:
(amount exceeding the lower of NT\$100 million or 20 percent of the capital stock)

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No (Note1)	Company Name	Counter Party	Nature of Relationship (Note2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note3)
0	Globe Union Industrial Corp.	Milim G&G Ceramics Co., Ltd.	1	Purchases	\$2,317,759	Note 4 (1)	13.33%
0	Globe Union Industrial Corp.	Milim G&G Ceramics Co., Ltd.	1	Accounts payable	(356,335)	Note 4 (3)	(2.24%)
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	1	Purchases	922,305	Note 4 (1)	5.30%
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V	1	Other receivables	194,137	Note 4 (6)	1.22%
0	Globe Union Industrial Corp.	Globe Union Ann Bo Manufacturing Co. Ltd.	1	Purchases	710,963	Note 4 (1)	4.09%
0	Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	1	Sales	(4,962,350)	Note 4 (2)	(28.54%)
0	Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	1	Accounts receivable	265,115	Note 4 (3)	1.67%
0	Globe Union Industrial Corp.	Globe Union (Canada) Inc.	1	Sales	(472,075)	Note 4 (2)	(2.71%)
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Ann Bo Manufacturing Co. Ltd.	3	Other receivables	144,000 RMB 32,000,000	Note 4 (4)	0.91%
2	Globe Union Ann Bo Manufacturing Co. Ltd.	Globe Union Industrial Corp.	2	Sales	(710,693) RMB (162,502,457)	Note 4 (2)	(4.09%)
2	Globe Union Ann Bo Manufacturing Co. Ltd.	Globe Union Germany GmbH & Co. KG	3	Sales	(310,171) RMB (71,166,153)	Note 4 (2)	(1.78%)
2	Globe Union Ann Bo Manufacturing Co. Ltd.	Shenzhen Globe Union Enterprise Co., Ltd.	3	Other payables	(144,000) RMB (32,000,000)	Note 4 (4)	(0.91%)
3	Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	2	Purchases	\$4,962,350 USD 159,699,491	Note 4 (1)	28.54%
3	Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	2	Accounts payable	(265,115) USD (8,435,086)	Note 4 (3)	(1.67%)
3	Gerber Plumbing Fixtures, LLC	GU PLUMBING de MEXICO S.A. de C.V.	3	Other receivables	739,066 USD 23,514,664	Note 4 (5)	4.66%
4	Milim G&G Ceramics Co., Ltd	Globe Union Industrial Corp.	2	Sales	(2,317,759) RMB (553,074,043)	Note 4 (2)	(13.33%)
4	Milim G&G Ceramics Co., Ltd	Globe Union Industrial Corp.	2	Accounts receivable	356,335 RMB 79,185,619	Note 4 (3)	2.24%

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No (Note1)	Company Name	Counter Party	Nature of Relationship (Note2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note3)
5	GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	2	Sales	\$(922,305) USD (29,714,824)	Note 4 (2)	(5.30%)
5	GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	2	Other payables	(194,137) USD (6,176,816)	Note 4 (6)	(1.22%)
5	GU PLUMBING de MEXICO S.A. de C.V.	Gerber Plumbing Fixtures, LLC	3	Other payables	(739,066) USD (23,514,664)	Note 4 (5)	(4.66%)
6	Globe Union (Canada) Inc.	Globe Union Industrial Corp.	2	Purchases	472,075 CAD 21,311,167	Note 4 (1)	2.71%
7	Globe Union Germany GmbH & Co. KG	Globe Union Ann Bo Manufacturing Co. Ltd.	3	Purchases	310,171 EUR 8,833,366	Note 4 (1)	1.78%

Note 1: The Company and its subsidiaries are coded as follows:

- (1) The Company is coded "0".
- (2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: (1) represents the transactions from the parent company to a subsidiary.

- (2) represents the transactions from a subsidiary to the parent company.
- (3) represents the transaction between subsidiaries.

Note 3: The ratio of transaction amount to the consolidated income or assets is recognized as follows: for assets or liability, the ratio is accounted as the ending balance to consolidated total assets; however, for income or loss accounts, the ratio is based on mid-term accumulated amount to consolidated income.

Note 4: (1) A small portion of the purchase prices were different from the general purchase price due to technical and quality differences. The other products were purchased solely from related parties and thus the purchase price can't be compared with other goods purchased from the third parties.

- (2) A small portion of the selling prices between related parties were the same as the general selling price. For the other selling prices, there were no comparable goods sold to the third parties.
- (3) The transaction terms to the above-related parties were determined through a mutual agreement based on the market conditions.
- (4) Financing, ratio 3%.
- (5) Financing, ratio 9%.
- (6) Financing, ratio 5.4%.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Information on investees:

(a) Names, locations, main businesses and products, original investment amount, investment as at 31 December 2025, net income (loss) of investee company and investment income (loss) recognized as at 31 December 2025 (excluding investees in Mainland China):

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment Amount		Investment as at 31 December 2025			Net income (loss) of investee company	Investment income (loss) recognized	Note
				31 December 2025	31 December 2024	Number of shares	Percentage of ownership (%)	Book value			
Globe Union Industrial Corp.	G.U.I (B.V.I.)	P.O. Box 3340, Road Town, Tortola, British Virgin Islands	Holding company	\$1,434,538	\$1,434,538	44,427,680	100%	\$1,932,103	\$40,546	\$40,427	Note 1
Globe Union Industrial Corp.	G.U.I (Bermuda).	21 Laffan Street, Hamilton HM09, Bermuda	Holding company	\$3,098,447	\$3,098,447	93,449,027	100%	\$4,379,506	\$67,570	\$203,095	Note 1
Globe Union Industrial Corp.	Globe Union Cayman Corp.	Scotia Center, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	Holding company	\$2,590,324	\$2,590,324	81,555,901	100%	\$1,986,187	\$(6,894)	\$(6,894)	
Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Bld. Isidro López Zertuche No. 3745 La Salle, Saltillo, Coahuila, 25240 Mexico	Manufacturing and selling porcelain bathroom fittings	\$1,151,154	\$1,308,746	729,393,406	100%	\$887,754	\$(264,395)	\$(264,395)	Note 1
G.U.L. (Bermuda)	Globe Union Group, Inc.	3023 North Clark Street #318 Chicago IL 60657, U.S.A	Holding company	\$2,129,353	\$2,129,353	100	100%	\$3,191,861	\$25,360 (USD 830,685)	\$-	
Globe Union Group, Inc.	Danze Inc.	510 Territorial Drive, Unit E Bolingbrook, IL 60440, U.S.A.	Overseas sales and maintenance center	\$900,645 (USD 28,655,597)	\$900,645 (USD 28,655,597)	700	100%	\$334,823 (USD 10,652,971)	\$-	\$-	

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment Amount		Investment as at 31 December 2025			Net income (loss) of investee company	Investment income (loss) recognized	Note
				31 December 2025	31 December 2024	Number of shares	Percentage of ownership (%)	Book value			
Globe Union Group, Inc.	Globe Union (Canada) Inc.	9260 Cote de Liesse, Lachine, Qc H8T1A1, Canada	Sales and marketing support services	\$179,306 (USD 5,704,936)	\$179,306 (USD 5,704,936)	5,824,000	100%	\$269,949 (USD 8,588,902)	\$(16,752) (USD 291,406)	\$-	
Globe Union Group, Inc.	Gerber Plumbing Fixtures, LLC	East Loockerman Street, suit 1B, Dover, Delaware	Assembling and selling bathroom products	\$1,301,245 (USD 41,401,382)	\$1,301,245 (USD 41,401,382)	Common stock: 9,335,000 Preferred stock: 32,901,382	100%	\$2,818,555 (USD 89,677,235)	\$33,464 (USD 1,122,091)	\$-	
Globe Union Group, Inc.	Globe Union Services Inc.	2711 Centerville Road, Suite 400, Washington, New Castle County, Delaware	Marketing support services	\$31,430 (USD 1,000,000)	\$31,430 (USD 1,000,000)	100	100%	\$102,082 (USD 3,247,928)	\$-	\$-	
Globe Union Cayman Corp.	Globe Union Verwaltungs GmbH	Scheffelstr. 12-14,58636 Iserlohn	Holding company	\$82,707 (EUR 1,755,000)	\$82,707 (EUR 1,755,000)	1,755,000	100%	\$5,467 (EUR 147,889)	\$37 (EUR 1,020)	\$-	
Globe Union Cayman Corp.	Globe Union Germany GmbH & Co. KG	Scheffelstr. 12-14,58636 Iserlohn	Selling faucets and related parts	\$231,335 (EUR 5,743,076)	\$231,335 (EUR 5,743,076)	(Note 2)	100%	\$355,554 (EUR 9,617,374)	\$4,365 (EUR 129,960)	\$-	
Globe Union Cayman Corp.	Globe Union UK Ltd.	Ship Canal House, King Street, Manchester M2 4WB Wales, England	Holding company	\$2,349,317 (GBP 39,529,845)	\$2,349,317 (GBP 39,529,845)	39,529,845	100%	\$1,599,832 (GBP 37,749,684)	\$(14,201) (GBP 300,520)	\$-	
Globe Union UK Ltd.	PJH Trustees Limited	Alder House, Slackey Brow, Kearsley, Bolton, UK, BL4 8 SL	Trust company	\$- (GBP 2)	\$- (GBP 2)	2	100%	\$-	\$-	\$-	
Globe Union UK Ltd.	PJH Group Limited	Alder House, Slackey Brow, Kearsley, Bolton, UK, BL4 8 SL	Selling kitchen and bathroom products	\$736,437 (GBP 17,376,998)	\$736,437 (GBP 17,376,998)	7,500,000	100%	\$1,883,693 (GBP 44,447,691)	\$(14,201) (GBP 300,520)	\$-	

Note 1: Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from upstream/downstream transactions.

Note 2: The investee is a limited company without shares issued.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Information on investments in Mainland China

(a) Information on investments in Mainland China from the Company directly and through Globe Union Industrial (B.V.I) Corp., Globe Union (Bermuda) Ltd., Shenzhen Globe Union Enterprise Co., Ltd. and Globe Union Ann Bo Manufacturing Co. Ltd. as at 31 December 2025:

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as at 1 January 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as at 31 December 2025	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as at 31 December 2025	Accumulated Inward Remittance of Earnings as at 31 December 2025
					Outflow	Inflow						
Shenzhen Globe Union Enterprise Co., Ltd.	Manufacturing and selling faucets and related parts	\$1,712,070 (RMB 380,459,896)	Investment in Mainland China companies through a company invested and established in a third region	\$-	\$-	\$-	\$-	\$25,089	100%	\$25,089 (Note 1)	\$1,786,218	\$916,168 (Note 6)
Milim G&G Ceramics Co., Ltd.	Manufacturing and selling procelain bathroom fittings	\$1,187,136 (RMB 263,808,100)	Investment in Mainland China companies through a company invested and established in a third region	\$527,529 (USD 16,784,252)	\$-	\$-	\$527,529 (USD 16,784,252)	\$49,924	100%	\$49,924 (Note 1)	\$1,630,439	\$-
Globe Union Business Consultancy Shanghai Company Limited	Consulting industry	\$2,338 (RMB 519,514)	Directly invested Mainland China company	\$3,373 (RMB 749,658)	\$-	\$-	\$3,373 (RMB 749,658)	\$332	100%	\$332 (Note 1)	\$5,075	\$-
Globe Union Ann Bo Manufacturing Co. Ltd.	Manufacturing and selling bathroom products	\$266,338 (RMB 60,000,000)	Directly invested Mainland China company	\$266,338 (RMB 60,000,000)	\$-	\$-	\$266,338 (RMB 60,000,000)	\$(30,113)	100%	\$(30,113) (Note 1)	\$114,420	\$-

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as at 1 January 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as at 31 December 2025	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as at 31 December 2025	Accumulated Inward Remittance of Earnings as at 31 December 2025
					Outflow	Inflow						
He Shun Investment Co., Ltd.	Investment, developing and manufacturing hardware products	\$4,500 (RMB 1,000,000)	Invested by Shenzhen Globe Union Enterprise Co., Ltd.	\$-	\$-	\$-	\$-	\$(814)	100% (Note 5)	\$(814) (Note 1)	\$990	\$-
Globe Union Brassware Operation Co., Ltd.	Supply Chain Management Services	\$29,250 (RMB6,500,000)	Invested by Shenzhen Globe Union Enterprise Co., Ltd.	\$-	\$-	\$-	\$-	\$(298)	100% (Note 7)	\$(298) (Note 1)	\$28,963	\$-
Globe Union Ann Bo Brassware Manufacturing Co. Ltd.	Manufacture and sale of metal materials and hardware products	(Note 8)	Invested by Globe Union Ann Bo Manufacturing Co. Ltd.	\$-	\$-	\$-	\$-	\$-	(Note 8)	\$-	\$-	\$-

Accumulated Investment in Mainland China as at 31 December 2025 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3 and Note 4)	Upper Limit on Investment
\$797,240 (USD 16,784,252 and RMB 60,749,658)	\$799,614 (USD 16,784,252、GBP 49,191 and RMB 60,000,000)	Not applicable (Note 2)

Note 1: Based on the financial statements audited by the certified accountants of the parent company in Taiwan.

Note 2: According to Letter Jing-Shen-Zi No.09704604680 issued by Ministry of Economic Affairs, R.O.C. on 29 August 2008, the Company was approved under Letter Jing-Shou-Gong-Zi No.11351021890 for the operational headquarters from the Industrial Development Administration, Ministry of Economic Affairs. Therefore, the Company's investment in Mainland China is not limited to 60% of net worth or consolidated net worth specified by the Investment Commission.

Note 3: The accumulated investment in Mainland China as at 31 December 2025 was USD16,784,252 and RMB 60,749,658. Additionally, the investment amounts authorized by investment commission, MOEA, was USD16,784,252, GBP49,191, and RMB60,000,000, which includes amounts remitted from Taiwan as well as capital and surplus increases of the holding company and its own funds. The information of the existing investee companies is as follows :

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- i. The accumulated investment in Mainland China subsidiaries that were disposed of by the Company (Shenzhen Globe Union Industrial Corp., Qingdao Lin Hong Precision Industrial Corp., and Qingdao Globe Union Technology Industrial Corp.) in the amount of USD 22,441,000 has not been included.
- ii. The accumulated amount of dividends distributed by mainland subsidiaries that were not included in the above amount is as the following: Shenzhen Globe Union Industrial Corp.: USD 45,845,636; Shenzhen Globe Union Enterprise Co., Ltd.: USD 5,374,001.
- iii. The amount did not include the repatriated proceeds of USD1,160,000 from the Company's indirect transfer of equity in Chengxinzhao (Zhangzhou) Hardware Co., Ltd. in Mainland China.
- iv. The amount did not include the repatriated portion of the equity transfer price of USD771,638.96 from the Company's indirect transfer of equity in Qingdao Globe Union Technology Industrial Corp. in Mainland China.

Note 4: According to Letter Jing-Shen-Er-Zi No.11100058240 issued by the Ministry of Economic Affairs, R.O.C. approving investment, the Company newly invested RMB 60,000,000 in Globe Union Ann Bo Manufacturing Co., Ltd.

Note 5: The Company established a sub-subsidiary, He Shun Investment Co., Ltd., in late September 2022, and Shenzhen Globe Union Enterprise Co., Ltd. invested in He Shun Investment Co., Ltd. in the amounts of RMB 100,000 on 9 January 2023, RMB 500,000 in August 2023 and RMB 400,000 in September 2024.

Note 6: According to the approval letter Jing-Shou-Shen-Zi No.11420125450 issued by Ministry of Economic Affairs, R.O.C. on 11 July 2025, the repatriation of earnings has been approved. Shenzhen Globe Union Enterprise Co., Ltd. has repatriated RMB 45,000,000 (approximately USD 6,271,777) through investments in a third region.

According to the approval letter Jing-Shou-Shen-Zi No.11520007030 issued by Ministry of Economic Affairs, R.O.C. on 4 February 2026, the repatriation of earnings has been approved. Shenzhen Globe Union Enterprise Co., Ltd. has repatriated RMB105,300,000 (approximately USD14,935,110.99) through investments in a third region.

Note 7: The Company established a sub-subsidiary, Globe Union Brassware Operation Co., Ltd., in September 2025, and Shenzhen Globe Union Enterprise Co., Ltd. invested in Globe Union Brassware Operation Co., Ltd. in the amounts of RMB 6,500,000 in September 2025.

Note 8: The Company established a sub-subsidiary, Globe Union Ann Bo Brassware Manufacturing Co., Ltd., in December 2025, and has not yet made any capital contributions.

- (b) Significant transactions between the Company and investee companies in Mainland China, whether directly or indirectly through a third region, including related information such as prices and payment terms: The Company has no significant property transactions or other transactions that have a material impact on the current period's profit or loss or financial position. Please refer to Note 13.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

14. SEGMENT INFORMATION

For the purpose of operation, the Company operates in a single industry segment by different strategic segments, and they are classified into two segments as follows:

- (1) Segment A: In charge of selling faucets and other plumbing products and providing related services.
- (2) Segment B: In charge of manufacturing faucets and other plumbing products.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured in a manner consistent with the operating profit or loss in the consolidated financial statements. However, the financial costs, financial income and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

- (1) Information on profit or loss of the reportable segment:

- (a) For the year ended 31 December 2025

	Segment A	Segment B	Adjustment and elimination	Total
Revenue				
External customer	\$17,133,991	\$255,987	\$-	\$17,389,978
Inter-segment	5,434,774	4,275,029	(9,709,803)	-
Total revenue	<u>\$22,568,765</u>	<u>\$4,531,016</u>	<u>\$(9,709,803)</u>	<u>\$17,389,978</u>
Interest expenses	<u>\$199,076</u>	<u>\$87,109</u>	<u>\$(84,445)</u>	<u>\$201,740</u>
Depreciation and amortization	<u>\$442,253</u>	<u>\$361,330</u>	<u>\$-</u>	<u>\$803,583</u>
Investment profits (loss)	<u>\$(8,587)</u>	<u>\$(219,163)</u>	<u>\$227,750</u>	<u>\$-</u>
Segment profits (loss)	<u>\$101,157</u>	<u>\$(181,825)</u>	<u>\$231,416</u>	<u>\$150,748</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) For the year ended 31 December 2024

	Segment A	Segment B	Adjustment and elimination	Total
Revenue				
External customer	\$17,845,959	\$315,485	\$-	\$18,161,444
Inter-segment	6,464,739	6,265,423	(12,730,162)	-
Total revenue	<u>\$24,310,698</u>	<u>\$6,580,908</u>	<u>\$(12,730,162)</u>	<u>\$18,161,444</u>
Interest expenses	<u>\$149,264</u>	<u>\$156,751</u>	<u>\$(90,721)</u>	<u>\$215,294</u>
Depreciation and amortization	<u>\$418,380</u>	<u>\$448,330</u>	<u>\$-</u>	<u>\$866,710</u>
Investment profits (loss)	<u>\$194,959</u>	<u>\$81,025</u>	<u>\$(275,984)</u>	<u>\$-</u>
Segment profits (loss)	<u>\$789,103</u>	<u>\$136,383</u>	<u>\$(287,647)</u>	<u>\$637,839</u>

(2) Information on assets and liabilities of the reportable segment:

(a) Segment assets

	Segment A	Segment B	Adjustment and elimination	Total
31 Dec. 2025	<u>\$20,929,617</u>	<u>\$6,575,463</u>	<u>\$(11,630,821)</u>	<u>\$15,874,259</u>
31 Dec. 2024	<u>\$20,901,906</u>	<u>\$8,434,995</u>	<u>\$(12,974,860)</u>	<u>\$16,362,041</u>

(b) Segment liabilities

	Segment A	Segment B	Adjustment and elimination	Total
31 Dec. 2025	<u>\$9,593,136</u>	<u>\$2,070,823</u>	<u>\$(1,857,860)</u>	<u>\$9,806,099</u>
31 Dec. 2024	<u>\$9,129,617</u>	<u>\$2,889,563</u>	<u>\$(2,035,691)</u>	<u>\$9,983,489</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Geographical information

(a) Revenue from external customers

	For the years ended 31 December	
	2025	2024
United States	\$7,784,757	\$8,664,567
Britain	7,339,393	7,017,898
Canada	1,240,789	1,327,317
Mainland China	103,416	153,245
Other countries	921,623	998,417
Total	<u>\$17,389,978</u>	<u>\$18,161,444</u>

The revenue information above is based on the location of the customer.

(b) Non-current assets

	As at 31 December	
	2025	2024
Britain	\$2,177,625	\$1,366,632
Mexico	1,619,186	1,845,747
Mainland China	974,198	1,268,712
United States	594,493	814,194
Taiwan	116,533	91,656
Germany	50,102	22,310
Canada	22,946	28,044
Total	<u>\$5,555,083</u>	<u>\$5,437,295</u>

Non-current assets do not include financial assets at fair value through other comprehensive income and deferred tax assets.

(4) Information about major customers

The customer to that the Company's sales exceeded 10% of its net consolidated sales in 2025 and 2024 is as follows:

Client name	2025		2024	
	Sales amount	%	Sales amount	%
Customer A	<u>\$3,137,915</u>	18.04	<u>\$3,126,067</u>	17.21