

TSE: 4755

**San Fu Chemical Co., Ltd.
and Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2026 and 2025 and
Independent Auditors' Review Report**

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
San Fu Chemical Co., Ltd.

Introduction

We have reviewed the accompanying consolidated financial statements of San Fu Chemical Co., Ltd. and its subsidiaries (collectively, the "Company") as of March 31, 2026 and 2025, the related consolidated balance sheets, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three-month then ended March 31, 2026 and 2025, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard ("IAS") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Opinion

As stated in Note 11 to the consolidated financial statements, the financial statements of the non-significant subsidiaries included in the consolidated financial statements for the same period have not been reviewed by accountants. Its total assets as of March 31, 2026 and 2025 were amounted to NT\$2,815,954,000 and NT\$1,993,671,000 respectively, which amounted to 32% and 24% of the Company's consolidated total assets respectively. The total liabilities were amounted to NT\$650,101,000 and NT\$342,535,000 an respectively, which amounted to 22% and 10% of the consolidated total liabilities respectively. The total consolidated profit and loss for the quarterly reporting period from January 1 to March 31, 2026 and 2025 were amounted to NT\$7,460,000 and (NT\$4,857,000) respectively, which amounted to 2% and (1%) of the total consolidated comprehensive profit and loss respectively. In addition, as stated in Note 12 of the consolidated financial statements, the investment balance as of March 31, 2026 and 2025 of San Fu Chemical Co., Ltd. and its subsidiaries adopted equity method of accounting were amounted to NT\$470,934,000 and NT\$484,536,000 and respectively. The amount of consolidated profits and losses of affiliated companies and joint ventures recognized by the equity method accounting from January 1 to March 31, 2026 and 2025 were amounted to NT\$17,726,000 and NT\$ 12,094,000 respectively, and the relevant information of the reinvestment business mentioned in the note 33 to the financial statements was based on the recognition and disclosure of the investee Company's financial statements during the same period without being reviewed by an accountant.

Conclusion

Based on our reviews and other Independent Auditors' Review Report (please refer to the following Other Mentionable Items), except for the relevant information disclosed in the financial statements of non-significant subsidiaries and investee companies that adopt the equity method as described in the basic paragraph of the reserved conclusions and the relevant information disclosed in Note 33, if reviewed by an accountant, the consolidated financial statements may be adjusted, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of San Fu Chemical Co., Ltd. and its subsidiaries as of March 31, 2026 and 2025, and of its consolidated financial performance and its consolidated cash flows three months ended March 31, 2026 and 2025 in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies and IAS 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Mentionable Items

Regarding the 2026 Q1 and 2025 Q1 Consolidated Financial Statements of San Fu Chemical Co., Ltd. and its Subsidiaries, the Financial Statements of its subsidiary Vina San Fu Industrial Gas Company Limited have not been reviewed by us, but by other auditor. Therefore, in the review report issued by us on the above-mentioned Consolidated Financial Statements, the amount listed in the aforementioned Company's financial statements is based on the review report reviewed by other auditor. The total assets of the above-mentioned subsidiary as of March 31, 2026 and March 31, 2025 was NT\$474,153,000 and NT\$499,970,000 respectively, represented 5% and 6% of the total consolidated assets respectively, and the net operating revenue as of March 31, 2026 and March 31, 2025 was NT\$43,601,000 and NT\$34,553,000 respectively, represented 4% and 3 % of the consolidated net operating revenue respectively.

The engagement partners on the reviews resulting in this independent auditors' review report are YEH, Shu-Juan and HUANG, Guo-Ning.

Deloitte & Touche

Taipei, Taiwan
Republic of China
May 12, 2026

Notice to Readers

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

This is the translation of the financial statements. CPAs do not audit or review on this translation.

San Fu Chemical Co., Ltd. And Subsidiaries

CONSOLIDATED BALANCE SHEETS

As of March 31, 2026, December 31 and March 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Code	ASSETS	March 31, 2026		December 31, 2025		March 31, 2025	
		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
1100	Cash and cash equivalents (Note 6)	\$ 923,414	11	\$ 930,682	11	\$ 764,408	9
1136	Financial assets at amortized cost-current (Note 8)	262,960	3	315,059	4	297,642	3
1140	Contract asset - current (Note 21)	19,436	-	16,255	-	11,961	-
1150	Notes receivable, net (Note 9)	39,176	1	34,360	-	35,259	-
1170	Accounts receivable, net (Notes 9)	940,676	11	1,059,576	13	1,077,298	13
1180	Receivable from related parties (Note 29)	9,933	-	9,836	-	9,904	-
130X	Inventories (Note 10)	725,303	8	693,971	8	830,101	10
1410	Prepayments (Note 21)	125,350	1	84,600	1	141,877	2
1220	Current income tax assets	322	-	77	-	545	-
1470	Other current assets (Note 7)	422,415	5	71,496	1	93,152	1
11XX	Total current assets	<u>3,468,985</u>	<u>40</u>	<u>3,215,912</u>	<u>38</u>	<u>3,262,147</u>	<u>38</u>
NONCURRENT ASSETS							
1517	Financial asset at fair value through other comprehensive income - noncurrent (Note 7)	1,100,661	13	1,127,684	13	879,601	10
1550	Investments accounted for using equity method (Note 12)	470,934	6	453,208	6	484,536	6
1600	Property, plant and equipment (Note 13)	3,249,330	37	3,269,216	39	3,367,168	40
1755	Right-of-use asset (Note 14)	262,640	3	244,376	3	254,623	3
1780	Intangible assets (Note 15)	117,343	1	106,420	1	117,358	2
1840	Deferred income tax assets	25,351	-	25,932	-	25,736	-
1915	Prepayments for equipment	3,914	-	6,178	-	41,355	1
1990	Net defined benefit assets - non-current (Note 19)	9,023	-	6,519	-	31,786	-
1920	Refundable deposits	14,309	-	14,063	-	12,668	-
15XX	Total noncurrent assets	<u>5,253,505</u>	<u>60</u>	<u>5,253,596</u>	<u>62</u>	<u>5,214,831</u>	<u>62</u>
1XXX	TOTAL	<u>\$ 8,722,490</u>	<u>100</u>	<u>\$ 8,469,508</u>	<u>100</u>	<u>\$ 8,476,978</u>	<u>100</u>
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
2100	Short-term loans (Note 16)	\$ 1,550,000	18	\$ 2,000,000	24	\$ 2,010,000	24
2130	Contract liabilities - current (Note 21)	34,785	1	39,874	-	54,385	1
2170	Notes and accounts payable (Note 17)	241,846	3	265,091	3	314,383	4
2180	Accounts payable - related parties (Note 29)	9,726	-	10,272	-	9,317	-
2200	Other payables (Note 18)	464,430	5	290,525	3	478,507	6
2230	Current income tax liabilities	114,425	1	47,263	1	111,028	1
2280	Lease liabilities-current (Notes 14 and 29)	22,999	-	20,400	-	19,181	-
2320	Long-term liabilities due within one year or with the Company's business cycle (Note 16)	-	-	-	-	50,000	-
2399	Other current liabilities	1,085	-	1,043	-	935	-
21XX	Total current liabilities	<u>2,439,296</u>	<u>28</u>	<u>2,674,468</u>	<u>31</u>	<u>3,047,736</u>	<u>36</u>
NONCURRENT LIABILITIES							
2570	Deferred income tax liabilities	275,005	3	210,947	3	157,308	2
2580	Lease liabilities-noncurrent (Notes 14 and 29)	184,475	2	169,184	2	173,054	2
2670	Other noncurrent liabilities	30,052	1	30,087	-	31,224	-
25XX	Total noncurrent liabilities	<u>489,532</u>	<u>6</u>	<u>410,218</u>	<u>5</u>	<u>361,586</u>	<u>4</u>
2XXX	Total liabilities	<u>2,928,828</u>	<u>34</u>	<u>3,084,686</u>	<u>36</u>	<u>3,409,322</u>	<u>40</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note 20)							
Capital stock							
3110	Ordinary shares	1,007,060	12	1,007,060	12	1,007,060	12
3200	Capital surplus	446,373	5	269,376	3	420,027	5
Retained earnings							
3310	Legal reserve	530,892	6	530,892	6	489,056	6
3320	Special reserve	37,488	-	37,488	1	71,982	1
3350	Unappropriated earnings	2,854,316	33	2,734,296	32	2,479,393	29
3300	Total retained earnings	<u>3,422,696</u>	<u>39</u>	<u>3,302,676</u>	<u>39</u>	<u>3,040,431</u>	<u>36</u>

(Continued)

Code	ASSETS	March 31, 2026		December 31, 2025		March 31, 2025	
		Amount	%	Amount	%	Amount	%
	Other equity						
3410	Exchange differences on translating foreign operations	3,418	-	(51,336)	(1)	18,498	-
3420	Unrealized profit and Loss measured at fair value through other comprehensive gains and losses	<u>695,554</u>	<u>8</u>	<u>736,422</u>	<u>9</u>	<u>537,392</u>	<u>6</u>
3400	Total other equity	<u>698,972</u>	<u>8</u>	<u>685,086</u>	<u>8</u>	<u>555,890</u>	<u>6</u>
31XX	Total Equity Attributable To Shareholders Of The Parent	<u>5,575,101</u>	<u>64</u>	<u>5,264,198</u>	<u>62</u>	<u>5,023,408</u>	<u>59</u>
36XX	NON-CONTROLLING INTERESTS	<u>218,561</u>	<u>2</u>	<u>120,624</u>	<u>2</u>	<u>44,248</u>	<u>1</u>
3XXX	Total equity	<u>5,793,662</u>	<u>66</u>	<u>5,384,822</u>	<u>64</u>	<u>5,067,656</u>	<u>60</u>
	TOTAL	<u>\$ 8,722,490</u>	<u>100</u>	<u>\$ 8,469,508</u>	<u>100</u>	<u>\$ 8,476,978</u>	<u>100</u>

(Concluded)

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

Chairman: WU, Hsin-Hung

Manager: SU, Tien-Bao

Accounting Supervisor: CHANG, Ling-Feng

San Fu Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Three Months Ended March 31, 2026 and 2025

(Expressed in thousands of New Taiwan Dollars, except for earnings per share)

Code		Three Months Ended March 31			
		2026		2025	
		Amount	%	Amount	%
4000	OPERATING REVENUE(Notes 21 and 29)	\$ 1,140,680	100	\$ 1,163,547	100
5000	OPERATING COSTS(Notes 10, 22 and 29)	<u>889,062</u>	<u>78</u>	<u>903,386</u>	<u>78</u>
5900	GROSS PROFIT	<u>251,618</u>	<u>22</u>	<u>260,161</u>	<u>22</u>
	OPERATING EXPENSES (Notes 22 and 29)				
6100	Selling and marketing expenses	59,706	5	60,163	5
6200	General and administrative expenses	54,470	5	38,453	3
6300	Research and development expenses	28,930	2	21,588	2
6450	Expected credit impairment losses	<u>33</u>	<u>-</u>	<u>28</u>	<u>-</u>
6000	Total operating expenses	<u>143,139</u>	<u>12</u>	<u>120,232</u>	<u>10</u>
6900	PROFIT FROM OPERATIONS	<u>108,479</u>	<u>10</u>	<u>139,929</u>	<u>12</u>
	NON-OPERATING INCOME AND EXPENSES				
7010	Other income (Notes 22 and 29)	5,235	1	3,907	-
7020	Other gains and losses (Note 22)	14,120	1	8,793	1
7050	Financial Cost (Note 22)	(9,309)	(1)	(10,830)	(1)
7060	Share of profit or loss of associates and joint ventures Recognized by Equity Method (Note 12)	4,179	-	5,890	1
7100	Interest income	<u>2,341</u>	<u>-</u>	<u>2,253</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>16,566</u>	<u>1</u>	<u>10,013</u>	<u>1</u>
7900	PROFIT BEFORE INCOME TAX	125,045	11	149,942	13
7950	INCOME TAX EXPENSE (Note 23)	(<u>35,164</u>)	(<u>3</u>)	(<u>40,000</u>)	(<u>4</u>)
8200	NET PROFIT FOR Q1 2025 & 2025	<u>89,881</u>	<u>8</u>	<u>109,942</u>	<u>9</u>

(Continued)

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Code		Three Months Ended March 31			
		<u>2026</u>	%	<u>2025</u>	%
		<u>Amount</u>		<u>Amount</u>	
	Other Comprehensive Profit and Loss				
8310	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized loss on financial assets at fair value through other comprehensive income	\$ 278,326	24	\$ 717,309	62
8349	Items that will not be reclassified subsequently to income tax (Note 23)	(88,971)	(8)	(143,805)	(13)
		<u>189,355</u>	<u>16</u>	<u>573,504</u>	<u>49</u>
	Items that may be reclassified to profit and loss				
8361	Exchange differences on translating the financial statements of foreign operations	40,814	4	13,671	1
8370	Share of the other comprehensive loss of associates and joint ventures using the equity method	<u>13,547</u>	<u>1</u>	<u>6,204</u>	<u>1</u>
8360	Items that may be reclassified subsequently to profit or loss:	<u>54,361</u>	<u>5</u>	<u>19,875</u>	<u>2</u>
8300	Other comprehensive loss for the year, net of income tax	<u>243,716</u>	<u>21</u>	<u>593,379</u>	<u>51</u>
8500	TOTAL COMPREHENSIVE INCOME FOR Q1 2025 & 2025 NET PROFIT ATTRIBUTABLE TO:	<u>\$ 333,597</u>	<u>29</u>	<u>\$ 703,321</u>	<u>60</u>
8610	Shareholders of the Parent				
8620	Non-Controlling Interests	\$ 101,591	9	\$ 110,681	9
8600		(11,710)	(1)	(739)	-
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:	<u>\$ 89,881</u>	<u>8</u>	<u>\$ 109,942</u>	<u>9</u>
8710	Shareholders of the Parent				
8720	Non-Controlling Interests	\$ 345,307	30	\$ 704,060	60
8700		(11,710)	(1)	(739)	-
	EARNINGS PER SHARE (Note 24)	<u>\$ 333,597</u>	<u>29</u>	<u>\$ 703,321</u>	<u>60</u>
9750	Basic earnings per share	<u>\$ 1.01</u>		<u>\$ 1.10</u>	
9850	Diluted earnings per share	<u>\$ 1.01</u>		<u>\$ 1.10</u>	

(Concluded)

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

Chairman: WU, Hsin-Hung Manager: SU, Tien-Bao Accounting Supervisor: CHANG, Ling-Feng

San Fu Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Three Months Ended March 31, 2026 and 2025

(Expressed in thousands of New Taiwan Dollars)

Code		Equity Attributable to the Shareholders of the Parent						Other Equity		Sub-Total	Non-Controlling Interests	Total Equity
		Share Capital		Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
		Shares (In Thousands)	Amount		Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings					
A1	Balance at January 1, 2025	100,706	\$1,007,060	\$ 418,027	\$ 489,056	\$ 71,982	\$2,570,124	(\$ 1,377)	(\$ 36,112)	\$4,518,760	\$ 44,987	\$4,563,747
B5	Appropriation of 2024 earnings											
	Cash dividend distributed to Shareholders	-	-	-	-	-	(201,412)	-	-	(201,412)	-	(201,412)
	Other changes in capital surplus:											
C3	Donations from shareholders	-	-	2,000	-	-	-	-	-	2,000	-	2,000
D1	Net income for the three months ended March 31, 2025	-	-	-	-	-	110,681	-	-	110,681	(739)	109,942
D3	Other comprehensive profit (loss) after tax for the three months ended March 31, 2025	-	-	-	-	-	-	19,875	573,504	593,379	-	593,379
D5	Total comprehensive income for the three months ended March 31, 2025	-	-	-	-	-	110,681	19,875	573,504	704,060	(739)	703,321
Z1	Balance at March 31, 2025	100,706	\$1,007,060	\$ 420,027	\$ 489,056	\$ 71,982	\$2,479,393	\$ 18,498	\$ 537,392	\$5,023,408	\$ 44,248	\$5,067,656
A1	Balance at January 1, 2026	100,706	\$1,007,060	\$ 269,376	\$ 530,892	\$ 37,488	\$2,734,296	(\$ 51,336)	\$ 736,422	\$5,264,198	\$ 120,624	\$5,384,822
	Appropriation of 2025 Earnings:											
B5	Cash dividend distributed to Shareholders	-	-	-	-	-	(207,454)	-	-	(207,454)	-	(207,454)
O1	Subsidiary issues employee stock options	-	-	7,335	-	-	-	-	-	7,335	5,401	12,736
E1	Cash capital increase of a subsidiary (Note 25)	-	-	167,602	-	-	-	-	-	167,602	116,311	283,913
Q1	Disposal of equity instruments measured at FVTOCI (Note 7)	-	-	-	-	-	229,830	393	(230,223)	-	-	-
M7	Changes in ownership equity in subsidiaries (Note 25)	-	-	-	-	-	(3,947)	-	-	(3,947)	(12,065)	(16,012)
	Other changes in capital surplus:											
C3	Donations from shareholders	-	-	2,060	-	-	-	-	-	2,060	-	2,060
D1	Net income for the three months ended March 31, 2026	-	-	-	-	-	101,591	-	-	101,591	(11,710)	89,881
D3	Other comprehensive profit (loss) after tax for the three months ended March 31, 2026	-	-	-	-	-	-	54,361	189,355	243,716	-	243,716
D5	Total comprehensive income for the three months ended March 31, 2026	-	-	-	-	-	101,591	54,361	189,355	345,307	(11,710)	333,597
Z1	Balance at March 31, 2026	100,706	\$1,007,060	\$ 446,373	\$ 530,892	\$ 37,488	\$2,854,316	\$ 3,418	\$ 695,554	\$5,575,101	\$ 218,561	\$5,793,662

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

Chairman: WU, Hsin-Hung

Manager: SU, Tien-Bao

Accounting Supervisor: CHANG, Ling-Feng

San Fu Chemical Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2026 and 2025
(Expressed in thousands of New Taiwan Dollars)

Code		Three Months Ended March 31	
		2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES			
A10000	Income before income tax	\$ 125,045	\$ 149,942
	Adjustments for:		
A20100	Depreciation expenses	119,012	101,343
A20200	Amortization cost	4,077	3,646
A20300	Expected credit impairment losses	33	28
A20900	Finance costs	9,309	10,830
A21200	Interest income	(2,341)	(2,253)
A21900	Share-based compensation cost	12,736	-
A22300	Share of profit of associates and joint ventures	(4,179)	(5,890)
A22500	Loss from disposal and scrapping of property, plant and equipment	(338)	-
A22600	Transfer fee from property, plant and equipment	793	-
A23800	Allowance to reduce inventory to market (gain from price recovery of inventory)	829	(1,896)
A24100	Unrealized foreign currency exchange (gain) loss	(7,512)	3,173
A30000	Change in operating assets and liabilities		
A31125	Contract asset - current	(3,181)	(3,794)
A31130	Notes receivable	(4,816)	1,457
A31150	Accounts receivable	116,366	46,462
A31160	Accounts receivable – related parties	13,676	(3,170)
A31200	Inventories	(22,293)	(124,103)
A31230	Prepayments	(40,490)	(9,820)
A31240	Other current assets	4,695	(2,521)
A32125	Contract liability	(5,089)	21,592
A32150	Notes and accounts payable	(23,932)	55,005
A32160	Accounts payable - related parties	(7,401)	(4,713)
A32180	Other payables	(33,058)	(45,298)
A32230	Other current liabilities	41	204
A32240	Net defined benefit liabilities - noncurrent	(246)	(4,561)
A32990	Other noncurrent liabilities	(35)	(117)
A33000	Cash generated from operations	251,701	185,546

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		Three Months Ended March 31	
Code		2026	2025
A33100	Interest received	\$ 2,341	\$ 2,253
A33300	Interest paid	(10,575)	(9,854)
A33500	Income tax paid	(298)	(297)
AAAA	Net cash generated by operating activities	<u>243,169</u>	<u>177,648</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B00040	Acquisition of financial assets measured at amortized cost	-	(1,974)
B00050	Disposing of financial assets measured at amortized cost	55,313	-
B02700	Payments for property, plant and equipment	(75,426)	(54,547)
B02800	Disposal on property, plant and equipment	520	-
B03700	Increase in refundable deposits	(9,699)	(18,560)
B04500	Acquisition of an intangible asset	(15,000)	(15,000)
B07100	Increase in prepayments for equipment	(13,479)	(2,165)
BBBB	Net cash used in investing activities	<u>(57,771)</u>	<u>(92,246)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	(Decrease)Increase in short-term loans	(450,000)	190,000
C01700	Repayment of long-term loans	-	(25,000)
C04020	Repayment of the principal portion of lease liabilities	(6,773)	(7,178)
C05400	Acquisition of Equity in a Subsidiary	(16,012)	-
C05800	Changes in non-controlling interests	<u>283,913</u>	<u>-</u>
CCCC	Net cash generated by (used in) financing activities	<u>(188,872)</u>	<u>157,822</u>
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(3,794)</u>	<u>536</u>
EEEE	NET (DECREASE)INCREASE IN CASH AND CASH EQUIVALENTS	(7,268)	243,760
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>930,682</u>	<u>520,648</u>
E00200	CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 923,414</u>	<u>\$ 764,408</u>

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

Chairman: WU, Hsin-Hung Manager: SU, Tien-Bao Accounting Supervisor: CHANG, Ling-Feng

San Fu Chemical Co., Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2026 and 2025

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

San Fu Chemical Co., Ltd. (the “**Company**”), was incorporated in the Republic of China (“ROC”) on March 17, 2003. The Company is mainly engaged in the manufacture and sales of various chemical products. The major shareholders include San Fu Global Co., Ltd. (32.52% shareholding), Pilot Keymark SDN. BHD. (11.16% shareholding), and other domestic individual shareholders.

The consolidated financial statements comprise the Company and its subsidiaries (collectively referred to as “the Company”) as described in Note 11. The Company is mainly engaged in the production and sale of industrial gases, chemical materials and food additives.

On November 27, 2013, the Company’s shares were listed on the Taiwan Stock Exchange (“TWSE”). The consolidated financial statements are presented in the New Taiwan dollar.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Company’s Board of Directors on April 29, 2026.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial adoption of the FSC-endorsed amendments to IFRS 9 and IFRS 7- specifically 'Amendments to the Classification and Measurement of Financial Instruments' and 'Contracts for Renewable Energy' - is not expected to cause material changes to the Group's accounting policies

- b. The IFRSs issued by International Accounting Standards Board (IASB), but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosure” (including amendment in 2025)	January 1, 2027
Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates ”	January 1, 2027

Note 1: Unless specified otherwise, the above New, Revised or Amended Standards and Interpretations of the IFRSs will take effect for annual reporting periods starting on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 “Presentation and Disclosures in Financial Statements “ and consequential amendments:

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

- The consolidated companies shall evaluate whether their primary operating activities include investing in specific types of assets and providing financing to customers, so as to classify the income and expense items in the income statement into operating, investing, financing, income tax, and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as “other” only if it cannot find a more informative label.
- Increased disclosure of management-defined performance measures: When conducting public communications outside the financial statements and communicating management's views on a particular aspect of the overall financial performance of the merged company to users of the financial statements, the merged company should disclose information related to management-defined performance measures in a single note to the financial statements. This includes a description of the measure, how it is calculated, its reconciliation with subtotals or totals specified in IFRS accounting standards, and the income tax and non-controlling interest effects of related reconciliations.
- In addition, a consequential amendment has been made to IAS 7 “Statement of Cash Flows”, requiring the Company to use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.
- Interest and dividends received by the consolidated company should be classified as investing activities, while interest and dividends paid should be classified as financing activities. If the merged company is assessed to have a specific principal operating activity, the types of dividend income, interest income, and interest expense reported in the income statement must be considered to determine the classification of dividends received, interest received, and interest paid in the statement of cash flows. However, each of these cash flows can only be classified in a single activity in the statement of cash flows.

Except for the above impact, as of the date the accompanying consolidated financial statements were issued, the Company continues in evaluating other impacts of the above amended standards and on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 Interim Financial Reporting approved and issued by the Financial Supervisory Commission (FSC). These consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRSs endorsed and issued into effect by the FSC.

b. Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

Fair value measurement is divided into levels 1 to 3 according to the degree of observability and importance of relevant input values:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of Consolidation

For details of subsidiaries, shareholding ratios and scope of business, please refer to Note 11 and the attached Table 6.

d. Other Significant Accounting Policies

In addition to the following descriptions, please refer to the summary description of significant accounting policies in the consolidated financial report for the year 2025.

- 1) Retirement Benefits
Pension cost for an interim period is calculated on a year-to-date basis, and the major market fluctuations in the current period, the major plan amendments and the settlement or other major one-time matters will be properly adjusted.
- 2) Tax Expense
Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Please refer to the Critical Accounting Judgments and Key Sources of Estimation Uncertainty described in the Consolidated Financial Statements for the year 2025.

6. CASH

	March 31, 2026	December 31, 2025	March 31, 2025
Cash on hand and petty cash	\$ 424	\$ 424	\$ 428
Demand deposits in banks	<u>922,990</u>	<u>930,258</u>	<u>763,980</u>
	<u>\$ 923,414</u>	<u>\$ 930,682</u>	<u>\$ 764,408</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – NONCURRENT

	March 31, 2026	December 31, 2025	March 31, 2025
Domestic investments			
Publicly traded stocks	\$ 29,941	\$ 26,297	\$ 27,440
Non-publicly traded stocks	<u>51,958</u>	<u>51,958</u>	<u>62,881</u>
Subtotal	<u>81,899</u>	<u>78,255</u>	<u>90,321</u>
Foreign investments			
Publicly traded stocks	<u>1,018,762</u>	<u>1,049,429</u>	<u>789,280</u>
Total	<u>\$1,100,661</u>	<u>\$1,127,684</u>	<u>\$ 879,601</u>

The equity instruments are held for medium to long-term strategic purposes, and expect to make profits through long-term investment. Accordingly, the management elected to designate these investments in equity instruments at Fair Value Through Other Comprehensive Income (FVTOCI) as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes. Therefore, these investments of equity instruments were classified as financial assets at fair value through other comprehensive income.

The consolidated company adjusted its investment portfolio to diversify risks in 2026, selling a portion of foreign stocks at a fair value of NT\$344,265,000 (recognized under other current assets). The related unrealized gains or losses on financial assets measured at fair value through other comprehensive income under other equity, amounting to NT\$229,830,000, were transferred to retained earnings. As of the date the consolidated financial statements were authorized for issue, the consolidated company had not yet received the proceeds from the sale.

8. FINANCIAL ASSETS AT AMORTITIZED COST

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Current</u>			
Time deposits with original maturities of more than 3 months	\$ 183,088	\$ 176,786	\$ 161,337
Restricted time deposits	<u>79,872</u>	<u>138,273</u>	<u>136,305</u>
	<u>\$ 262,960</u>	<u>\$ 315,059</u>	<u>\$ 297,642</u>

As of March 31, 2026 and December 31 and March 31, 2025, the interest rate ranges of the above time deposits were 1.285% ~ 3.80%、0.745% ~ 3.80% and 0.745% ~ 4% respectively.

Refer to Note 30 for information related to investments in financial assets at amortized cost pledged as security.

9. NOTES AND ACCOUNTS RECEIVABLE

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 39,176</u>	<u>\$ 34,360</u>	<u>\$ 35,259</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 941,909	\$ 1,060,773	\$ 1,077,668
Less: Loss allowance	(<u>1,233</u>)	(<u>1,197</u>)	(<u>370</u>)
	<u>\$ 940,676</u>	<u>\$ 1,059,576</u>	<u>\$ 1,077,298</u>

The average credit period of sales of goods was 30 to 150 days. In order to effectively reduce credit risks, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company recognized the loss allowance for trade receivables at an amount equal to lifetime ECLs (expected credit losses). The expected credit losses on accounts receivable are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position. The Company writes off an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has declared bankruptcy and reported to the court. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

Aging analysis of receivables measured by the Company based on the allowance matrix is summarized as follows:

March 31, 2026

	Not Past Due	1~90 Days	91~180 Days	181~365 Days	Over 365 Days	Total
ECLs Rate	-	-	-	50%	100%	-
Gross Carrying Amount	\$ 904,757	\$ 35,616	\$ -	\$ 606	\$ 930	\$ 941,909
Loss allowance (Lifetime ECL)	-	-	-	(303)	(930)	(1,233)
Amortized cost	<u>\$ 904,757</u>	<u>\$ 35,616</u>	<u>\$ -</u>	<u>\$ 303</u>	<u>\$ -</u>	<u>\$ 940,676</u>

December 31, 2025

	Not Past Due	1~90 Days	91~180 Days	181~365 Days	Over 365 Days	Total
ECLs Rate	-	-	-	50%	100%	-
Gross Carrying Amount	\$1,057,595	\$ 1,616	\$ -	\$ 730	\$ 832	\$1,060,773
Loss allowance (Lifetime ECL)	-	-	-	(365)	(832)	(1,197)
Amortized cost	<u>\$1,057,595</u>	<u>\$ 1,616</u>	<u>\$ -</u>	<u>\$ 365</u>	<u>\$ -</u>	<u>\$1,059,576</u>

March 31, 2025

	Not Past Due	1~90 Days	91~180 Days	181~365 Days	Over 365 Days	Total
ECLs Rate	-	-	-	50%	100%	-
Gross Carrying Amount	\$1,073,499	\$ 2,502	\$ 927	\$ 740	\$ -	\$1,077,668
Loss allowance (Lifetime ECL)	-	-	-	(370)	-	(370)
Amortized cost	<u>\$1,073,499</u>	<u>\$ 2,502</u>	<u>\$ 927</u>	<u>\$ 370</u>	<u>\$ -</u>	<u>\$1,077,298</u>

Movements of the loss allowance for accounts receivable

	<u>Three Months Ended March 31</u>	
	2026	2025
Balance at January 1, 2026 and 2025	\$ 1,197	\$ 339
Add: impairment losses recognized during the year	33	28
Difference on foreign exchange	<u>3</u>	<u>3</u>
Balance at March 31, 2026 and 2025	<u>\$ 1,233</u>	<u>\$ 370</u>

10. INVENTORIES

	March 31, 2026	December 31, 2025	March 31, 2025
Merchandise	\$ 8,039	\$ 8,294	\$ 81,954
Finished goods	323,364	317,993	314,679
Work in progress	6,533	6,825	8,162
Semi-finished goods	12,139	10,198	6,267
Raw materials	310,033	299,558	371,222
Supplies and spare parts	65,195	51,103	47,817
	<u>\$ 725,303</u>	<u>\$ 693,971</u>	<u>\$ 830,101</u>

The cost of inventories recognized as cost of goods sold (including construction cost) for the three months ended March 31, 2026 and 2025 was \$889,062,000 and \$903,386,000 respectively.

The cost of goods sold for the three months ended March 31, 2026 and 2025 includes allowance for inventory valuation losses \$829,000 and gains from price recovery of inventory \$1,896,000.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

The main body of preparation of this consolidated financial statement is as follows:

<u>Investor</u>	<u>Investee</u>	<u>Nature of Activities</u>	<u>Proportion of Ownership (%)</u>			<u>Refer to</u>
			<u>3.31.2026</u>	<u>12.31.2025</u>	<u>3.31.2025</u>	
San Fu Chemical Co., Ltd.	San Fu Specialty Chemicals Investments Limited	Investment	100%	100%	100%	Note 1
	VinaSanFu Industrial Gas Company Limited	Production of industrial gases	100%	100%	100%	
	VinaSanFu Material Company Limited	Production of industrial materials	100%	100%	100%	Note 1
	San Fu Biotech Co., Ltd.	Sales and production of food additives	100%	100%	89.59%	Notes 1 and 2
	Bio Phoenix Co., Ltd.	R& D of new drugs	57.59%	89.59%	89.59%	Notes 1 and 4
	International Nitto Technology Co., Ltd.	Sales and production of electronic components	100%	100%	100%	
	Lifu Carbonate Co., Ltd.	Production of industrial materials	100%	87%	87%	Notes 1 and 3
	San Fu Specialty Chemicals Investments Limited	Sino Star Holding Limited	Investment	100%	100%	100%
VinaSanFu Material Company Limited	VinaSanFu Material Trading Co., Ltd		100%	100%	100%	Note 1

Note 1: Non-significant subsidiaries, their financial statements have not yet been reviewed by an independent CPA.

Note 2: This represents San Fu Chemical's buyback of San Fu Biotech Co., Ltd. shares from non-controlling interests on June 12, 2025, and September 1, 2025, respectively, increasing its ownership percentage from 89.59% to 100%.

Note 3: This represents San Fu Chemical's buyback of Li Fu Carbonate Co., Ltd. shares from non-controlling interests on March 31, 2026, increasing its ownership percentage from 87% to 100%.

Note 4: The Company did not subscribe to the capital increase in cash of Bio Phoenix Co., Ltd. in proportion to its existing shareholding on January 26, 2026, resulting in a decrease in its ownership percentage from 89.59% to 57.59%.

Among the entities included in the above consolidated financial statements preparation, except the consolidated financial statements of the Company's and its subsidiary International Nitto Technology Co., Ltd. have been reviewed by the accountants of Deloitte & Touche, Taiwan, the financial statements of VinaSanFu Industrial Gas Company Limited was reviewed by other accountants, and the financial statements of other non-important subsidiaries have not been reviewed by the accountants of Deloitte & Touche, Taiwan. Its total assets for the three months ended March 31, 2026 and 2025 was \$2,815,954,000 and \$1,993,671,000 respectively, represented 32% and 24% of the total consolidated assets respectively. The total liabilities were \$650,101,000 and \$342,535,000 respectively, represented 22% and 10% of the consolidated total liabilities, respectively. For three months ended March 31, 2026 and 2025, the total recognized comprehensive profit and loss was \$7,460,000 and (\$4,857,000) respectively, represented 2% and (1%) of the total consolidated comprehensive profit and loss, respectively.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2026	December 31, 2025	March 31, 2025
Investments in associates	\$ 59,385	\$ 58,371	\$ 60,067
Investments in joint ventures	<u>411,549</u>	<u>394,837</u>	<u>424,469</u>
	<u>\$ 470,934</u>	<u>\$ 453,208</u>	<u>\$ 484,536</u>

The share of total consolidated comprehensive income for the investments accounted for using equity method in associates and joint ventures recognized for the three months ended March 31, 2026 and 2025 was NT\$17,726,000 and NT\$12,094,000 respectively.

The Company's management believes there will be no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of those investments which have not been audited by the CPAs.

a. Investments in associates

	March 31, 2026	December 31, 2025	March 31, 2025
Associates that are not individually material	<u>\$ 59,385</u>	<u>\$ 58,371</u>	<u>\$ 60,067</u>

b. Investments in joint ventures

	March 31, 2026	December 31, 2025	March 31, 2025
Material joint ventures			
Sanfuming Electronic Material Co., Ltd.	<u>\$ 411,549</u>	<u>\$ 394,837</u>	<u>\$ 424,469</u>

For the business nature of the above-mentioned joint venture, the main business place and the country information of the Company registration, please refer to the attached documents Table 6 "Information on Investees" and Table 7 "Information on Investments in Mainland China".

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Transportation	Other Equipment	Property under Construction	Total
Cost							
Balance at January 1, 2026	\$ 170,300	\$1,511,087	\$3,911,763	\$ 565,371	\$ 689,310	\$ 125,997	\$6,973,828
Reclassifications	-	11,821	17,377	130	19,600	(43,413)	5,515
Additions	-	2,517	10,922	19,365	34,975	8,373	76,152
Disposals	-	-	-	(7,676)	(169)	-	(7,845)
Effect of exchange rate changes	-	2,977	8,496	666	39	193	12,371
Balance at March 31, 2026	<u>\$ 170,300</u>	<u>\$1,528,402</u>	<u>\$3,948,558</u>	<u>\$ 577,856</u>	<u>\$ 743,755</u>	<u>\$ 91,150</u>	<u>\$7,060,021</u>
Accumulated depreciation and impairment							
Balance at January 1, 2026	\$ -	\$ 698,170	\$2,067,212	\$ 423,054	\$ 516,176	\$ -	\$3,704,612
Depreciation expenses	-	15,054	62,940	10,021	23,613	-	111,628
Disposals	-	-	-	(7,494)	(169)	-	(7,663)
Effect of exchange rate changes	-	437	1,515	151	11	-	2,114
Balance at Mar. 31, 2026	<u>\$ -</u>	<u>\$ 713,661</u>	<u>\$2,131,667</u>	<u>\$ 425,732</u>	<u>\$ 539,631</u>	<u>\$ -</u>	<u>\$3,810,691</u>
Net Value at Mar. 31, 2026	<u>\$ 170,300</u>	<u>\$ 814,741</u>	<u>\$1,816,891</u>	<u>\$ 152,124</u>	<u>\$ 204,124</u>	<u>\$ 91,150</u>	<u>\$3,249,330</u>
Net Value at Dec. 31, 2025 and Jan. 1, 2026	<u>\$ 170,300</u>	<u>\$ 812,917</u>	<u>\$1,844,551</u>	<u>\$ 142,317</u>	<u>\$ 173,134</u>	<u>\$ 125,997</u>	<u>\$3,269,216</u>
Cost							
Balance at January 1, 2025	\$ 170,300	\$1,489,536	\$3,232,973	\$ 523,021	\$ 571,788	\$ 734,260	\$6,721,878
Reclassifications	-	-	21,768	872	197	(20,672)	2,165
Additions	-	67	10,604	4,710	12,896	33,913	62,190
Disposals	-	-	(170)	(3,956)	(285)	-	(4,411)
Effect of exchange rate changes	-	1,488	4,256	317	18	16	6,095
Balance at March 31, 2025	<u>\$ 170,300</u>	<u>\$1,491,091</u>	<u>\$3,269,431</u>	<u>\$ 524,964</u>	<u>\$ 584,614</u>	<u>\$ 747,517</u>	<u>\$6,787,917</u>
Accumulated depreciation and impairment							
Balance at January 1, 2025	\$ -	\$ 641,221	\$1,847,768	\$ 389,890	\$ 451,031	\$ -	\$3,329,910
Depreciation expenses	-	14,807	54,970	9,386	15,352	-	94,515
Disposals	-	-	(170)	(3,956)	(285)	-	(4,411)
Effect of exchange rate changes	-	156	533	43	3	-	735
Balance at March 31, 2025	<u>\$ -</u>	<u>\$ 656,184</u>	<u>\$1,903,101</u>	<u>\$ 395,363</u>	<u>\$ 466,101</u>	<u>\$ -</u>	<u>\$3,420,749</u>
Net Value at March 31, 2025	<u>\$ 170,300</u>	<u>\$ 834,907</u>	<u>\$1,366,330</u>	<u>\$ 129,601</u>	<u>\$ 118,513</u>	<u>\$ 747,517</u>	<u>\$3,367,168</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings

Main building	3-45 years
Employee dormitory	25-50 years
Firefighting, air-conditioning and other systems	1-7 years
Engineering system	3-38 years
Transportation	1-10 years
Equipment	1-50 years
Other equipment	1-25 years

Property, plant and equipment pledged as collateral for bank loans is set out in Note 30.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Carrying amounts</u>			
Land	\$ 226,503	\$ 220,257	\$ 233,316
Buildings	23,873	10,908	11,518
Transportation equipment	<u>12,264</u>	<u>13,211</u>	<u>9,789</u>
	<u>\$ 262,640</u>	<u>\$ 244,376</u>	<u>\$ 254,623</u>

	<u>Three Months Ended March 31</u>	
	2026	2025
Additions to right-of-use assets	<u>\$ 24,663</u>	<u>\$ 359</u>
Depreciation charge for right-of-use assets		
Land	\$ 4,341	\$ 4,246
Buildings	2,095	1,841
Transportation equipment	<u>948</u>	<u>741</u>
	<u>\$ 7,384</u>	<u>\$ 6,828</u>

Except for the additions and depreciation expenses listed above, there was no significant sublease or impairment of the right-of-use assets of the Company from January 1 to March 31, 2026 and 2025.

b. Lease liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Carrying Amounts			
Current portion	\$ 22,999	\$ 20,400	\$ 19,181
Noncurrent portion	<u>184,475</u>	<u>169,184</u>	<u>173,054</u>
	<u>\$ 207,474</u>	<u>\$ 189,584</u>	<u>\$ 192,235</u>

Range of discount rate for lease liabilities are⁴ as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Land	1.71% ~ 2.018%	1.71% ~ 1.843%	1.03% ~ 1.843%
Buildings	1.03% ~ 1.915%	1.03% ~ 1.83%	1.03% ~ 1.71%
Transportation equipment	1.03% ~ 1.83%	1.03% ~ 1.83%	1.03% ~ 1.83%

c. Other lease information

	<u>Three Months Ended March 31</u>	
	2026	2025
Expenses relating to short-term leases	<u>\$ 2,172</u>	<u>\$ 1,754</u>
Expenses relating to low-value asset leases	<u>\$ 308</u>	<u>\$ 309</u>
Total cash outflow for leases	(<u>\$ 10,268</u>)	(<u>\$ 9,241</u>)

The Company leases certain transportation equipment and buildings which qualify as short-term leases and certain photocopiers which qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INTANGIBLE ASSETS

	<u>Patent Rights</u>
<u>Cost</u>	
Balance at Jan. 1, 2026	\$ 150,000
Acquire separately	<u>15,000</u>
Balance at Mar. 31, 2026	<u>\$ 165,000</u>
<u>Accumulated amortization and Impairment</u>	
Balance at Jan. 1, 2026	\$ 43,580
Amortization Costs	<u>4,077</u>
Balance at Mar. 31, 2026	<u>\$ 47,657</u>
Net Value at Jan. 1, 2026	<u>\$ 106,420</u>
Net Value at Mar. 31, 2026	<u>\$ 117,343</u>
<u>Cost</u>	
Balance at Jan. 1, 2025 and	
Balance at Mar. 31, 2025	<u>\$ 150,000</u>
<u>Accumulated amortization and Impairment</u>	
Balance at Jan. 1, 2025	\$28,996
Amortization Costs	<u>3,646</u>
Balance at Mar. 31, 2025	<u>\$ 32,642</u>
Net Value at Jan. 1, 2025	<u>\$ 121,004</u>
Net Value at Mar. 31, 2025	<u>\$ 117,358</u>

San Fu Biotech Co., Ltd. signed a patent agreement with Japan's REGiMMUNE Corporation in April 2023 to obtain "drugs for the prevention of acute graft-versus-host disease" "The licensing of development and commercialization rights in some countries in Asia. The total contract price is \$150,000,000. The patent price is paid according to the schedule stipulated in the contract. As of March 31, 2026, December 31, 2025, and March 31, 2025, the amounts paid were \$120,000,000 and \$120,000,000 and \$105,000,000 respectively, In February 2026, Sanfu Biotech Co., Ltd. divided and transferred the patent rights to Bio Phoenix Co., Ltd.

Bio Phoenix Co., Ltd. signed a supplementary contract to a patent agreement with Japan's REGiMMUNE Corporation in January 2026 to obtain "drugs for the prevention of acute graft-versus-host disease" "The licensing of manufacturing rights in some countries in Asia. The total contract price is \$15,000,000. Bio Phoenix Co., Ltd. signed such a contract on January 15, 2026 and the payment was effected on February 12, 2026.

The amortization costs are accrued on a straight-line basis based on the following useful lives:
Patent rights: 10 years

16. BANK LOANS

a. Short-term loans

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Secured loans (Note 30)</u>			
Bank loans	\$ 190,000	\$ 350,000	\$ 280,000
<u>Unsecured loans</u>			
Bank loans	<u>1,360,000</u>	<u>1,650,000</u>	<u>1,730,000</u>
	<u>\$ 1,550,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,010,000</u>

The range of periodic interest rates on bank loans were 1.85% ~ 2.08%, 1.80% ~ 2.08% and 1.85% ~ 2.07% per annum respectively as of March 31, 2026, December 31, 2025 and March 31, 2025.

b. Long-term loans

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Unsecured loans</u>			
Bank loans	\$ -	\$ -	\$ 50,000
Less: Current portion matured within a year	<u>-</u>	<u>-</u>	<u>(50,000)</u>
Long-term loans	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The range of periodic interest rates on bank loans were 1.86% per annum as of March 31, 2025.

17. NOTES AND ACCOUNTS PAYABLE

	March 31, 2026	December 31, 2025	March 31, 2025
Notes payable	\$362	\$362	\$ 787
Accounts payable	<u>241,484</u>	<u>264,729</u>	<u>313,596</u>
	<u>\$241,846</u>	<u>\$265,091</u>	<u>\$ 314,383</u>

The average payment period of purchasing raw materials and supplies was two months. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. OTHER PAYABLES

	March 31, 2026	December 31, 2025	March 31, 2025
Other payables	\$ 199,628	\$ 233,903	\$ 232,944
Dividend payable	207,454	-	201,412
Payable for constructions	9,337	22,702	10,794
Payable for purchases of equipment	<u>48,011</u>	<u>33,920</u>	<u>33,357</u>
	<u>\$ 464,430</u>	<u>\$ 290,525</u>	<u>\$ 478,507</u>

19. RETIREMENT BENEFIT PLANS

The pension expenses related to the defined contribution and benefit plans recognized from January 1 to March 31 in 2026 and 2025 are calculated based on the pension cost rate determined by actuarial calculation on December 31, 2025 and 2024, and the Amount was (\$14,000) and \$20,000 respectively.

20. EQUITY

a. Capital stock

Ordinary shares

	March 31, 2026	December 31, 2025	March 31, 2025
Authorized shares (in thousands)	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
Authorized capital	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Issued and paid shares (in thousands)	<u>100,706</u>	<u>100,706</u>	<u>100,706</u>
Issued capital	<u>\$ 1,007,060</u>	<u>\$ 1,007,060</u>	<u>\$ 1,007,060</u>

b. Capital surplus

	March 31, 2026	December 31, 2025	March 31, 2025
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>			
(1)			
Additional paid-in capital in excess of par	\$ 165,669	\$ 165,669	\$ 316,728
Donations (Note 29)	46,604	44,544	44,644
Exercised employee share options	54,804	54,804	54,804
Expired employee share options	2,151	2,151	2,151
Employee share options for subsidiaries	9,783	2,448	2,448
Difference between consideration and carrying amount of subsidiaries acquired or disposed	508	508	-
<u>May be used to offset a deficit only</u>			
Others - Exercising the right of attribution (2)	30	30	30
Recognition of changes in a subsidiary's equity (3)	<u>166,824</u>	<u>(778)</u>	<u>(778)</u>
	<u>\$ 446,373</u>	<u>\$ 269,376</u>	<u>\$ 420,027</u>

1. Capital surplus in excess of par or from donations may be used to offset a deficit. When the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred once a year to share capital within a certain percentage of the Company's paid-in capital.
2. The benefits obtained by exercising the right of attribution are essentially the investment of the holder of the right of claim to the Company, which does not meet the definition of income in the conceptual framework. The Company shall recognize the benefits obtained from exercising the right of attribution as capital reserves, and properly disclose its facts and effects.
3. This type of capital reserve refers to the impact of equity transactions recognized by the Company's equity changes when the Company has not actually acquired or disposed of the subsidiary's equity, or the adjustment amount recognized by the Company's equity method to recognize the subsidiary's capital reserve.

c. Retained earnings and dividends policy

According to the Company's Articles of Incorporation, profit distribution or deficit offset shall be made after the end of each quarter; the Company authorizes the Board of Directors to pass a special resolution to distribute all or part of the dividends and bonuses that should be distributed in the form of cash, and report to shareholders meeting. If there is a surplus in the annual final accounts, the accumulated losses should be made up first, and then 10% should be set aside as statutory surplus reserve (but this is not the case when the statutory surplus reserve has reached the total paid-in capital of the Company), and then set aside or set aside in accordance with legal provisions or reversal of special surplus reserve. For the remuneration distribution policy for employees and directors stipulated in the Company's Articles of Incorporation, please refer to Note 22(5) Employee Remuneration and Directors' Remuneration.

The distribution of the Company's dividends depends on the current year's surplus and the principle of distribution is to keep dividends stable. As the Company is currently growing, the Company takes into consideration of its future capital demand and long-term financial planning while allocating dividends. In principle, cash dividends should be no less than 5% of the total dividends distributed. However, shareholders may adjust the percentage of appropriation depending on the Company's actual profit and capital situation.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be

transferred to capital or distributed in cash.

When the Company makes a special surplus reserve for the net deductions from other equity accumulated in the previous period, it only makes a provision for the undistributed earnings of the previous period.

The earnings for the fiscal years 2025 and 2024 shall be distributed as follows:

	<u>For the Year Ended</u> <u>December 31, 2025</u>	<u>For the Year Ended</u> <u>December 31, 2024</u>
Legal reserve	\$ 37,293	\$ 41,836
Special reserve	(\$ 37,488)	(\$ 34,493)
Cash dividends	\$ 207,454	\$ 201,412
Cash dividends per share (NT\$)	<u>\$ 2.06</u>	<u>\$ 2.0</u>

The distribution of the above-mentioned cash dividends has been resolved by the Board of Directors on February 25, 2026 and February 26, 2025 respectively. The remaining earnings distribution items for 2024 were resolved at the annual shareholders' meeting on June 09, 2025. The remaining earnings distribution items for 2025 are pending to be resolved at the annual shareholders' meeting to be held on June 12, 2026.

The Company's annual shareholders' meeting held on June 09, 2025 has resolved a proposal to use the capital reserve \$151,059,000 to distribute cash, with a cash dividend of \$1.5 per share. The Company's Board of Directors has made a proposal at its board of directors' meeting held on February 25, 2026 to use capital reserves of \$165,158,000 to distribute cash, with a cash dividend of \$1.64 per share.

The Company's Board of Directors decided not to distribute earnings for 2025 Q1 to Q3, leaving it to be considered in a subsequent quarter.

The Company's Board of Directors has decided at its meeting on April 29, 2026 not to appropriate the quarterly earnings from January 1 to March 31, 2026.

d. Non-controlling interests

Description	<u>Three Months</u> <u>Ended March 31</u>	
	2026	2025
Beginning balance	\$ 120,624	\$ 44,987
Shares attributable to non-controlling interests		
Net (loss) current period	(11,710)	(739)
Non-controlling interests subscribed the common stocks issued by subsidiaries for cash capital increase (Note 25)	116,311	-
Subsidiary employee stock option compensation cost	5,401	-
Acquisition of non-controlling interests in a subsidiary (Note 25)	(12,065)	-
Ending balance	<u>\$ 218,561</u>	<u>\$ 44,248</u>

21. NET REVENUE

	<u>Three Months Ended March 31</u>	
	2026	2025
Revenue from sale of goods	\$ 1,107,716	\$ 1,080,122
Construction contract revenue	32,964	83,425
	<u>\$ 1,140,680</u>	<u>\$ 1,163,547</u>

Contact Balances

	March 31, 2026	December 31, 2025	March 31, 2025
Contract assets			
Project construction - current	\$ 19,436	\$ 16,255	\$ 11,961
Contract liabilities			
Project construction - current	\$ 369	\$ 369	\$ 50,515
Sale of goods- current	34,416	39,505	3,870
	<u>\$ 34,785</u>	<u>\$ 39,874</u>	<u>\$ 54,385</u>

As of March 31, 2026 and December 31 and March 31, 2025, the Company's prepayments to manufacturers for project construction were \$20,586,000, \$20,586,000 and \$6,200,000, respectively.

22. NET PROFIT

a. Other income

	<u>Three Months Ended March 31</u>	
	2026	2025
Rendering of services	\$ 1,629	\$ 1,609
Others	3,606	2,298
	<u>\$ 5,235</u>	<u>\$ 3,907</u>

b. Other gains and losses

	<u>Three Months Ended March 31</u>	
	2026	2025
Net foreign exchange gains	\$ 13,842	\$ 8,800
Loss on disposal of property, plant and equipment	338	-
Others	(60)	(7)
	<u>\$ 14,120</u>	<u>\$ 8,793</u>

c. Depreciation and Amortization

	<u>Three Months Ended March 31</u>	
	2026	2025
Properties, plants and equipment	\$ 111,628	\$ 94,515
Right-of-use assets	7,384	6,828
Other intangible assets	4,077	3,646
	<u>\$ 123,089</u>	<u>\$ 104,989</u>
Analysis of depreciation by function		
Operating costs	\$ 100,709	\$ 83,410
Operating expenses	18,303	17,933
	<u>\$ 119,012</u>	<u>\$ 101,343</u>
Analysis of depreciation by amortization costs		
Operating costs	<u>\$ 4,077</u>	<u>\$ 3,646</u>

d. Employee benefits expense

	<u>Three Months Ended March 31</u>	
	2026	2025
Post-employment benefits		
Defined contribution plans	\$ 4,264	\$ 4,084
Defined benefit plans (Note 19)	(14)	20
Short-term benefits		
Salaries	117,237	107,079
Labor and health insurance	9,508	9,332
Others	<u>15,184</u>	<u>12,642</u>
Total employee benefits expense	<u>\$ 146,179</u>	<u>\$ 133,157</u>
Analysis by function		
Operating costs	\$ 74,732	\$ 76,245
Operating expenses	<u>71,447</u>	<u>56,912</u>
	<u>\$ 146,179</u>	<u>\$ 133,157</u>

e. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at rates of 1%-3% and no higher than 3% respectively of net profit before income tax, employees' compensation, and remuneration of directors. In accordance with the amendments to the Securities and Exchange Act in August 2024, the Company resolved to amend the Articles of Incorporation at the 2025 shareholders' meeting, stipulating that no less than 40% of the employee compensation appropriated for the year shall be allocated to base-level employees.

The employees' compensation and the remuneration of directors for the three-month ended March 31, 2026 and 2025 were approved by the Company's Board of Directors, respectively as follows:

	<u>Three Months Ended March 31</u>	
	2026	2025
Employees' compensation	1.59%	1.61%
Remuneration of directors	1.59%	1.61%

Amount

	<u>Three Months Ended March 31</u>	
	2026	2025
Employees' compensation	<u>\$ 2,200</u>	<u>\$ 2,500</u>
Remuneration of directors	<u>\$ 2,200</u>	<u>\$ 2,500</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate for the coming year.

The Company held Board of Directors' meetings on February 25, 2026 and February 26, 2025, and those meetings resulted in the actual amounts of the employees' compensation and remuneration of directors paid for 2025 and 2024 are as respectively follows:

	<u>For the Year Ended December 31</u>	
	2025	2024
	Cash	Cash
Employees' compensation	\$ 9,700	\$ 11,290
Remuneration of directors	9,700	11,290

The Company held Board of Directors' meetings on February 25, 2026 and February 26, 2025, and those meetings resulted in the actual amounts of the employees' compensation and remuneration of directors paid for 2026 and 2025 to differ from the amounts recognized in the consolidated financial statements for the years ended December 31, 2026 and 2025, respectively. The differences were adjusted to profit and loss for the years ended December 31, 2026 and 2025 respectively.

	For the Year Ended December 31			
	<u>2025</u>		<u>2024</u>	
	<u>Employees'</u>	<u>Remuneration</u>	<u>Employees'</u>	<u>Remuneration of</u>
	<u>compensation</u>	<u>of directors</u>	<u>compensation</u>	<u>directors</u>
Amounts approved in the Board of Directors' meeting	\$ <u>10,700</u>	\$ <u>10,700</u>	\$ <u>11,347</u>	\$ <u>11,347</u>
Amounts recognized in the annual consolidated financial statements	\$ <u>9,700</u>	\$ <u>9,700</u>	\$ <u>11,290</u>	\$ <u>11,290</u>

Information on the employees' compensation and remuneration of directors for the years ended December 31, 2026 and 2025 approved by the Company's Board of Directors is available at the Market Observation Post System (MOPS) website of the Taiwan Stock Exchange.

f. Finance costs

	Three Months Ended March 31	
	<u>2026</u>	<u>2025</u>
Interest on bank loans	\$ 8,294	\$ 9,957
Interest on lease liabilities	<u>1,015</u>	<u>873</u>
	<u>\$ 9,309</u>	<u>\$ 10,830</u>

23. INCOME TAX

a. Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	Three Months Ended March 31	
	<u>2026</u>	<u>2025</u>
Current income tax expense		
Current tax expense recognized in the current period	\$ 33,263	\$ 39,658
Income tax adjustments on prior years	<u>144</u>	<u>-</u>
	<u>33,407</u>	<u>39,658</u>
Deferred income tax		
Deferred income tax recognized in the current period	<u>1,757</u>	<u>342</u>
Income tax expense recognized in profit or loss	<u>\$ 35,164</u>	<u>\$ 40,000</u>

b. Income tax expense recognized in other comprehensive income

Income tax expense consisted of the following:

	Three Months Ended March 31	
	<u>2026</u>	<u>2025</u>
Deferred income tax		
Deferred income tax recognized in the current period		

-		
- Unrealized gain or loss on financial Assets Measured at Fair Value through Profit or Loss	(\$ 88,971)	\$ 143,805

c. Income tax assessment status

The competent tax authorities have assessed the income tax returns up to the fiscal year 2024 filed by the San Fu Chemical Co., Ltd., the International Nitto Technology Company Limited, San Fu Biotech Co., Ltd. and Lifu Carbonate Co., Ltd.

24. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	Three Months Ended March 31	
	2026	2025
Basic earnings per share		
Basic EPS	\$ 1.01	\$ 1.10
Diluted earnings per share		
Diluted EPS	\$ 1.01	\$ 1.10

The earnings and weighted average number of common shares used in the computation of earnings per share are as follows:

Net Income for the Year

	Three Months Ended March 31	
	2026	2025
Net income available to common shareholders of the parent	\$ 101,591	\$ 110,681

The weighted average number of common shares outstanding (in thousand shares) used in the computation of earnings per share are as follows:

	(Unit: in thousands shares)	
	Three Months Ended March 31	
	2026	2025
Weighted average number of common shares used in the computation of basic EPS	100,706	100,706
Effects of dilutive potential common shares:		
Employees' compensation	62	81
Weighted average number of common shares used in the computation of diluted EPS	<u>100,768</u>	<u>100,787</u>

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On March 31, 2026, the consolidated company acquired additional shares of Lifu Carbonate Co., Ltd. from non-controlling interests, increasing its ownership interest from 87% to 100%. Since this transaction did not result in a loss of control over the subsidiary, the consolidated company treated it as an equity transaction.

Lifu Carbonate Co., Ltd.

Cash consideration received	(\$ 16,012)
The carrying amount of the subsidiary's net assets is calculated based on the change in relative equity and the amount that should be transferred out of non-controlling equity.	<u>12,065</u>
Equity Transaction Difference	(\$ <u>3,947</u>)
<u>Equity transaction difference adjustment account</u>	
Undistributed earnings	(\$ <u>3,947</u>)

On January 26, 2026, Bio Phoenix Co., Ltd. conducted a capital increase by cash and legally reserved a portion of the new shares for employee subscription. As the Company did not subscribe to the new shares in accordance with its existing shareholding percentage, the consolidated company's shareholding percentage decreased from 89.59% to 57.59%.

	Bio Phoenix Co., Ltd
Cash consideration received	\$ 283,913
Amount of non-controlling interests to be transferred out calculated based on the relative ownership interest changes in the book value of the net assets of the subsidiary	(<u>116,311</u>)
Differences arising from equity transactions	<u>\$ 167,602</u>
Line items adjusted for equity transactions	
Capital surplus, changes in ownership interests in subsidiaries	<u>\$ 167,602</u>

26. NON-CASH TRANSACTION

The Company entered into the following non-cash investing and financing activities for the three months ended March 31, 2026 and 2025, which were not reflected in the consolidated statements of cash flows:

The Company reclassified and paid cash for property, plant and equipment partly for the three-month ended March 31, 2026 and 2025 as follows (please refer to Note 13):

	<u>Three Months Ended March 31</u>	
	<u>2026</u>	<u>2025</u>
Prepayments for equipment transferred (reclassification)	<u>\$ 6,308</u>	<u>\$ 2,165</u>

27. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

As for the strategy of the Company's capital structure management, the Company sets its suitable market share according to its industry scale, the growth of the industry and the blueprint of the product development. The Company estimates the required capacity, the equipment and related capital expenditure to be used. Then the Company calculates working capitals and cash based on the industry character to support a complete plan for its long-term development. Finally, the Company estimates not only the possible contribution margin, operating profit ratio and cash flows according to the product competitiveness but also risk factors such as the fluctuation of the business circle and the life circle of the product to decide the suitable capital structure. The management inspects capital structures periodically and considers the possible costs and risks taken by different capital structures. In general, the Company adopts a prudent risk management strategy.

28. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments not measured at fair value

The Company considers that the carrying amounts of financial assets and liabilities not measured at fair value approximate their fair values or the fair values cannot be reliably estimated.

- b. Fair value of financial instruments that are measured at fair value on a recurring basis

- 1) Fair Value hierarchy

	Level 1	Level 2	Level 3	Total
<u>March 31, 2026</u>				
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 29,941	\$ -	\$ -	\$ 29,941
Domestic unlisted shares	-	-	51,958	51,958
Foreign unlisted shares	<u>1,018,762</u>	-	-	<u>1,018,762</u>
Total	<u>\$1,048,703</u>	<u>\$ -</u>	<u>\$ 51,958</u>	<u>\$1,100,661</u>

	Level 1	Level 2	Level 3	Total
<u>December 31, 2025</u>				
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 26,297	\$ -	\$ -	\$ 26,297
Domestic unlisted shares	-	-	51,958	51,958
Foreign unlisted shares	<u>1,049,429</u>	-	-	<u>1,049,429</u>
Total	<u>\$1,075,726</u>	<u>\$ -</u>	<u>\$ 51,958</u>	<u>\$1,127,684</u>

	Level 1	Level 2	Level 3	Total
<u>March 31, 2025</u>				
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 27,440	\$ -	\$ -	\$ 27,440
Domestic unlisted shares	-	-	62,881	62,881
Foreign unlisted shares	<u>789,280</u>	-	-	<u>789,280</u>
Total	<u>\$ 816,720</u>	<u>\$ -</u>	<u>\$ 62,881</u>	<u>\$ 879,601</u>

There were no transfers of financial assets at FVTOCI between Levels 1 and 2 for the three months ended March 31, 2026 and 2025.

- 2) Financial instruments applied for Level 3 adjustment at FVTOCI

	<u>Financial assets at FVTOCI</u>	
	<u>Through other comprehensive income</u>	
	<u>Three Months Ended March 31</u>	
	2026	2025
Beginning balance	\$ 51,958	\$ 125,557
Transferred to Level 3 (Note)	<u>-</u>	<u>(62,676)</u>
Ending balance	<u>\$ 51,958</u>	<u>\$ 62,881</u>

Note: As the equity instrument has an active market quotation, its fair value measurement level is transferred from Level 3 to Level 1.

- c) Valuation techniques and inputs applied for Level 3 fair value measurement

- i. The fair values of domestic non-publicly trade equity investments are mainly determined by using the asset approach and the discounted cash flow method is used to capture the present value of the expected future economic benefits to be derived from the ownership of these

investees. The significant unobservable inputs are listed in the table below. Decrease in discount for the lack of marketability or non-controlling interests discount would result in increase in the fair value.

	March 31, 2026	March 31, 2025
Discount for lack of marketability	25%	25%
Non-controlling interests discount	20%	20%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	March 31, 2026	March 31, 2025
Discount for lack of marketability		
1% decrease	<u>\$ 111</u>	<u>\$ 115</u>
Non-controlling interests discount		
1% decrease	<u>\$ 104</u>	<u>\$ 108</u>

c. Categories of financial instruments

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 2,185,182	\$ 2,356,032	\$ 2,216,297
Financial assets at FVTOCI			
- Equity investments	1,100,661	1,127,684	879,601
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	2,266,002	2,565,888	2,862,207

Note 1: The balance includes cash, financial assets measured at amortized cost - current, notes receivable and accounts and accounts receivable - net amount of related parties and refundable deposits.

Note 2: The balance includes short-term loans, notes payable and accounts payable, accounts payable - related parties, long-term loans due within a year, other payables and long-term loans, which are measured at amortized cost.

d. Financial risk management objectives and policies

The Company's major financial instruments include financial assets at amortized cost, equity investments, short-term loans, notes and account payables, account payables - related parties, others payable, long-term loans due within one year, and long-term loans. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Board of Directors is solely responsible for established and monitored the framework of risk management of the Company, the Board of Directors authorized the chairman develop and monitored the risk management policy of the Company with the operation center of the Company, and regularly reported the situation to the Board of Directors.

The Company's financial risk management policies are developed for identifying and analyzing the financial risks to the Company, evaluating the impacts of the financial risks, and executing the financial-risk aversion policies. The financial risk management are periodically reviewed to reflect changes

to the market and the operations. Through the internal controls, such as training and setting up managing requirements and procedures, the Company is engaged in developing a disciplined and constructive control environment, in order to have all employees understand own responsibilities.

The Company's Board of Directors monitors the management on managing the compliance to the financial risk management policies and procedures and reviews the appropriateness of risk management structure.

1) Market Risk

The Company is exposed to the following financial market risks, primarily changes in (a) foreign currency exchange rates (currency risks), (b) interest rates, and (c) other price risks.

a) Foreign Currency Risk

The Company has assets and liabilities not recorded in the same functional currency as that of the Company; thus, it is exposed to risks due to exchange rate fluctuation.

To manage risks within an acceptable level, the Company uses natural hedge against its currency risk. The Company monitors and evaluates the movements of exchange rates and the weakness or strength of a currency's performance in line with natural hedging.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities which were not in the same functional currency as the Company entity at the end of the reporting period are shown in Note 32.

Sensitivity Analysis

The Company was mainly exposed to the U.S. dollar. The following table shows the Company's sensitivity to a 5% increase and decrease in New Taiwan dollars (the functional currency of the Company) against the relevant foreign currencies. A 5% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and was adjusted at the end of the reporting period for a 5% change in foreign currency rates. The number in the table indicates the change in pretax profit associated with the 5% appreciation of the New Taiwan dollar against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be positive.

	Unit: Thousand NT\$	
	Currency USD Impact	
	Three Months Ended March 31	
	2026	2025
Profit or loss and Interests	<u>\$ 10,321</u> (i)	<u>\$ 19,056</u> (i)

(i) These were mainly attributable to the exposure on outstanding receivables and payables in USD currency which were not hedged at the end of the reporting period.

b) Interest Rate Risk

The Company is exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates. The financial costs for three months ended March 31, 2026 and 2025 are \$9,309,000 and \$10,830,000 respectively, which only constitute 0.82% and 0.93% of the consolidated net sales revenue. Therefore, interest rate risk has no significant impact on the Company.

The carrying amounts of the Company's financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2026	Unit: Thousand NT\$ December 31, 2025	March 31, 2025
Fair value interest rate risk			
Financial liabilities	\$ 1,757,474	\$ 189,584	\$ 772,235
Cash flow interest rate risk			
Financial liabilities	-	2,000,000	1,480,000

Sensitivity Analysis

The sensitivity analyses were determined based on the Company's exposure to interest rate changes for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period had been outstanding for the whole period. The rate of change used when reporting interest rates to key management within the Group is a five basis point increase or decrease in interest rates, which also represents management's assessment of the reasonable possible range of interest rate changes.

If the interest rate increases/decreases by five basis points, with all other variables remaining unchanged, the pre-tax net profit of the Company for the three months ended March 31, 2026 and 2025 will decrease/ increase by \$0 and \$185,000 respectively.

c) Other Price Risks

The Company is exposed to price risk due to equity securities investment of domestic listed companies. The Company has established an immediate control mechanism and is therefore not expected to have significant price risk.

Sensitivity Analysis

The following sensitivity analysis is based on the equity price risk at the balance sheet date.

If the equity price increases/decreases by 5%, the pre-tax other comprehensive income from January 1 to March 31, 2026 and 2025 will increase/decrease by NT\$55,033,000 and NT\$43,980,000 respectively due to the increase/decrease in the fair value of financial assets measured at fair value through other comprehensive income.

2) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. As of the end of the reporting period, the Company's maximum exposure to credit risk, which will cause a financial loss to the Company because of the counterparties' failure to discharge their obligations, could arise from the carrying amount of the financial assets recognized in the balance sheets. The policy adopted by the Company is to trade with reputable objects only, and continue to supervise the credit risk insurance and the credit rating of the counterparty.

Apart from Company A and B the Company did not have significant credit risk exposure from any single counterparty or any Company of counterparties with similar characteristics. Apart from Company A and B the concentration of credit risk to other clients did not exceed 10% of total accounts receivable. The balance of accounts receivable from customers A and B accounts for 44% of the balance of accounts receivable of the consolidated Company. The credit risk is expected to be immaterial as Company A and B are all trustworthy counterparties.

3) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. As of March 31, 2026, December 31, 2025 and March 31, 2025, the Company had available unutilized short-term bank loan facilities NT\$ 2,252,848,000, NT\$1,935,279,000 and NT\$1,427,435,000 respectively.

The following table shows the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed-upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay.

March 31, 2026

	On				
	Demand or		3 Months to		More than
	Less than	1-3 Months	1 Year	1-5 Years	5 Years
	1 Month				
Lease liabilities	\$ 2,516	\$ 4,959	\$ 19,232	\$ 79,210	\$144,969
Variable interest rate liabilities	-	-	-	-	-
Fixed interest rate liabilities	<u>720,000</u>	<u>580,000</u>	<u>250,000</u>	-	-
	<u>\$722,516</u>	<u>\$584,959</u>	<u>\$269,232</u>	<u>\$ 79,210</u>	<u>\$144,969</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$26,707</u>	<u>\$ 79,210</u>	<u>\$ 144,969</u>

December 31, 2025

	On				
	Demand or		3 Months to		More than
	Less than	1-3 Months	1 Year	1-5 Years	5 Years
	1 Month				
Lease liabilities	\$ 2,260	\$ 4,273	\$ 17,035	\$ 68,807	\$134,373
Variable interest rate liabilities	870,000	900,000	230,000	-	-
Fixed interest rate liabilities	-	-	-	-	-
	<u>\$872,260</u>	<u>\$904,273</u>	<u>\$247,035</u>	<u>\$ 68,807</u>	<u>\$134,373</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 23,568</u>	<u>\$ 68,807</u>	<u>\$ 134,373</u>

March 31, 2025

	On				
	Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
Lease liabilities	\$ 2,252	\$ 4,505	\$ 16,010	\$ 67,085	\$141,896
Variable interest rate liabilities	115,000	1,320,000	45,000	-	-
Fixed interest rate liabilities	<u>150,000</u>	<u>230,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
	<u>\$267,252</u>	<u>\$1,554,505</u>	<u>\$261,010</u>	<u>\$ 67,085</u>	<u>\$141,896</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 22,767</u>	<u>\$ 67,085</u>	<u>\$ 141,896</u>

29. RELATED PARTY TRANSACTIONS

The Transaction, account balance, income and expenses between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party name and categories

<u>Related Party Name</u>	<u>Related Party Category</u>
San Fu Global Ltd.	Investors with significant influence over the Company
Zhang Chun Ming	Investors with significant influence over the Company
Hongchong Enterprise Co., Ltd.	Associates
Shian Yun Joint Stock Company (Vietnam)	Associates
Sanfuming Electronic Material Co., Ltd.	Joint venture
China Fangda (International) Investment Development Corporation	Other related parties
Fulu Cultural Foundation	Other related parties

b. Sales of goods

	Three Months Ended March 31	
	2026	2025
<u>Sales</u>		
Associates	\$ 96	\$ 9
Investors with significant influence over the Company	22	-
Other related parties	<u>42</u>	<u>43</u>
	<u>\$ 160</u>	<u>\$ 52</u>
<u>Purchases</u>		
Associates	\$ 3,286	\$ 9,501
Other related parties	-	564
	<u>\$ 3,286</u>	<u>\$ 10,065</u>

Other income		
Joint ventures		
Sanfuming Electronic Material Co., Ltd.	\$ <u>1,629</u>	\$ <u>1,609</u>

Other expense		
Investors with significant influence over the Company	\$ <u>1,776</u>	\$ <u>1,361</u>

Transactions with related parties were not materially different from those non-related parties with third parties unless otherwise agreed.

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Accounts receivable - related party</u>			
Joint ventures	\$ -	\$ 3,668	\$ -
Investors with significant influence over the Company	4	3	-
Associates	<u>104</u>	<u>29</u>	<u>11</u>
	<u>108</u>	<u>3,700</u>	<u>11</u>
<u>Other receivables - related party</u>			
Investors with significant influence over the Company	2,060	-	2,000
Joint ventures	<u>7,765</u>	<u>6,136</u>	<u>7,893</u>
	<u>9,825</u>	<u>6,136</u>	<u>9,893</u>
	<u>\$ 9,933</u>	<u>\$ 9,836</u>	<u>\$ 9,904</u>
<u>Accounts payable - related party</u>			
Investors with significant influence over the Company	\$ 865	\$ 285	\$ 973
Associates	8,861	9,987	7,780
Other related parties	-	-	564
	<u>\$ 9,726</u>	<u>\$ 10,272</u>	<u>\$ 9,317</u>

The outstanding accounts payable from related parties are unsecured and the outstanding accounts receivable from related parties are unsecured. No impairment loss was recognized for accounts receivable from related parties.

c. Lease Arrangements

Line Item	Related Party Category/Name	March 31, 2026	December 31, 2025	March 31, 2025
Lease liabilities	Investors with significant influence over the Company			
	Sanfu Global Co., Ltd.	\$ 42,002	\$ 44,066	\$ 44,736
	Others	<u>5,135</u>	<u>-</u>	<u>729</u>
		<u>\$ 47,137</u>	<u>\$ 44,066</u>	<u>\$ 45,465</u>
			March 31, 2026	December 31, 2025
<u>Interest expense</u>				
	Investors with significant influence			
	Sanfu Global Co., Ltd.		\$ 187	\$ 195
	Others		<u>24</u>	<u>4</u>
			<u>\$ 211</u>	<u>\$ 199</u>

The decision on rent and the method of payment of rent in the lease contract between the merged company and its related parties are the same as those in general lease transactions.

d. Others

Investors with significant influence signed a trust agreement of marketable securities with CTBC Bank on September 29, 2016. The Company is a beneficiary of interest. The trust interest revenue was \$2,060,000 and \$2,000,000 respectively for the three-month ended March 31, 2026 and 2025, and the revenue was credited in capital surplus-donations.

e. Compensation of key management personnel

	Three Months Ended March 31	
	<u>2026</u>	<u>2025</u>
Short-term employee benefits	\$ 9,355	\$ 9,039
Post-employment benefits	<u>281</u>	<u>314</u>
	<u>\$ 9,636</u>	<u>\$ 9,353</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

30. PLEDGED ASSETS

The following assets were provided as collateral for bank loans and obligations under the sales agreement:

	March 31, 2026	December 31, 2025	March 31, 2025
Pledged deposits (classified as financial assets at amortized cost)	\$ 79,872	\$ 138,273	\$ 136,305
Land	40,349	40,349	40,349
Buildings, net	<u>33,226</u>	<u>32,613</u>	<u>33,706</u>
	<u>\$ 153,447</u>	<u>\$ 211,235</u>	<u>\$ 210,360</u>

31. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

To enhance the efficiency of fund utilization, the parent company passed a board resolution on February 25, 2026, regarding the proposed sale of the land and buildings of Lifu Carbonate Co., Ltd. An appraisal was completed on January 2, 2026, with the net appraised value, after deducting the public announcement of land value increment tax, totaling NT\$143,585,000. On April 29, 2026, the Board of Directors of the Company resolved to authorize the Chairman with full authority to handle matters related to the sale of these land and buildings, provided the selling price is between NT\$190,000,000 and NT\$210,000,000. Should the transaction amount exceed the authorized range, it will be submitted to the next scheduled Board of Directors meeting for ratification.

32. SIGNIFICANT EFFECTS ON FOREIGN CURRENCY FINANCIAL ASSETS AND LIABILITIES

The Company's Company entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

March 31, 2026

	<u>Foreign Currencies</u> <u>(in Thousands)</u>	<u>Exchange Rate</u>		<u>Carrying</u> <u>Amount</u> <u>(In Thousands)</u>
<u>Financial assets</u>				
Monetary items				
USD	\$ 7,606	31.945	(USD: NTD)	\$ 242,974
Non-monetary items				
Affiliates and joint ventures accounted for using the equity method				
CNY	89,004	0.145	(CNY: USD)	411,549
VND	36,303,766	0.0012	(VND: NTD)	43,383
<u>Financial liabilities</u>				
Monetary items				
USD	1,141	32.045	(USD: NTD)	36,563

December 31, 2025

	<u>Foreign Currencies</u> <u>(in Thousands)</u>	<u>Exchange Rate</u>		<u>Carrying</u> <u>Amount</u> <u>(In Thousands)</u>
<u>Financial assets</u>				
Monetary items				
USD	\$ 11,871	31.380	(USD: NTD)	\$ 372,512
Non-monetary items				
Affiliates and joint ventures accounted for using the equity method				
CNY	88,299	0.142	(CNY: USD)	394,837
VND	36,270,638	0.0012	(VND: NTD)	42,618
<u>Financial liabilities</u>				
Monetary items				
USD	1,068	31.480	(USD: NTD)	33,621

March 31, 2025

	<u>Foreign Currencies</u> <u>(in Thousands)</u>	<u>Exchange Rate</u>		<u>Carrying</u> <u>Amount</u> <u>(In Thousands)</u>
<u>Financial assets</u>				
Monetary items				
USD	\$ 12,173	33.155	(USD: NTD)	\$ 403,596
Non-monetary items				
Affiliates and joint ventures accounted for using the equity method				
CNY	\$ 91,761	0.139	(CNY: USD)	\$ 424,469
VND	34,837,647	0.0013	(VND: NTD)	44,419
<u>Financial liabilities</u>				
Monetary items				
USD	676	33.255	(USD: NTD)	22,480

The significant (unrealized) foreign exchange gains (losses) were as follows:

<u>Foreign Currencies</u>	Three Months Ended March 31		<u>Exchange Rate</u>	<u>Net Foreign Exchange (Losses)</u>
	2026	2025		
	<u>Exchange Rate</u>	<u>Net Foreign Exchange Gains</u>		
USD	31.945 (USD: NTD)	\$ 7,507	33.155 (USD: NTD)	(\$ 3,173)
JPY	0.199 (JPY: NTD)	5	0.221 (JPY: NTD)	

33. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

- 1) Financing provided: See Table 1 attached;
- 2) Endorsements/guarantees provided: See Table 2 attached;
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): See Table 3 attached;
- 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (None)
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital See Table 4 attached;
- 6) Intercompany relationships and significant intercompany transactions: See Table 5 attached

b. Information on investees: See Table 6 attached;

c. Information on investments in mainland China

- 1) Information on any investee Company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: See Table 7 attached.
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (None):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

34. OPERATING SEGMENTS INFORMATION

Information reported to the chief operating decision maker for resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Company's reportable segments were as follows:

Department of fine and high precision chemicals: Mainly engaged in the manufacturing, processing and trading of chemical cleaning and etching agents;

Department of basic chemicals: Mainly engaged in the manufacturing, processing and trading of food additives.

a. Segment revenue and results

The following was an analysis of the Company's revenue and results from continuing operations by reportable segments:

	<u>Fine Chemicals</u>	<u>Basic Chemicals</u>	<u>Write Off by Segment</u>	<u>Total</u>
<u>Three Months Ended March 31, 2026</u>				
Revenue of general customers	\$ 787,887	\$ 352,793	\$ -	\$ 1,140,680
Revenue of operating segment	<u>127,932</u>	<u>5,186</u>	(<u>133,118</u>)	<u>-</u>
Total	<u>\$ 915,819</u>	<u>\$ 357,979</u>	(<u>\$ 133,118</u>)	<u>\$ 1,140,680</u>
Profit from operations	<u>\$ 134,333</u>	(<u>\$ 25,854</u>)	<u>\$ -</u>	\$ 108,479
Other income				5,235
Other gain and losses				14,120
Financial cost				(9,309)
Investments on affiliates using equity method				4,179
Interest income				<u>2,341</u>
Income before income tax				<u>\$ 125,045</u>
<u>Three Months Ended March 31, 2025</u>				
Revenue of general customers	\$ 882,074	\$ 281,473	\$ -	\$ 1,163,547
Revenue of operating segment	<u>57,243</u>	<u>1,250</u>	(<u>58,493</u>)	<u>-</u>
Total	<u>\$ 939,317</u>	<u>\$ 282,723</u>	(<u>\$ 58,493</u>)	<u>\$ 1,163,547</u>
Profit from operations	<u>\$ 163,300</u>	(<u>\$ 23,371</u>)	<u>\$ -</u>	\$ 139,929
Other income				3,907
Other gain and losses				8,793
Financial cost				(10,830)
Investments on affiliates using equity method				5,890
Interest income				<u>2,253</u>
Income before income tax				<u>\$ 149,942</u>

Segment profit refers to the profit before tax earned by each segment, excluding other income, other gains and losses, financial costs, share of profit or loss of investments using equity method, and income tax expense. The measured amount serves as a basis for the chief operating decision maker to allocate resources and assess segment performance.

b. Segment total assets and liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Segment assets</u>			
Fine chemicals	\$ 4,380,419	\$ 4,375,907	\$ 4,563,110
Basic chemicals	2,507,516	2,197,650	2,252,089
Investment	<u>1,834,555</u>	<u>1,895,951</u>	<u>1,661,779</u>
Consolidated total assets	<u>\$ 8,722,490</u>	<u>\$ 8,469,508</u>	<u>\$ 8,476,978</u>

San Fu Chemical Co., Ltd. and Subsidiaries

FINANCINGS PROVIDED

For the Three Months Ended March 31, 2026

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 1

No. (Note 1)	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate (%)	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)	Note
													Item	Value			
0	San Fu Chemical Co., Ltd.	Lifu Carbonic Acid Co., Ltd.	Other receivables	Y	\$ 20,000	\$ 20,000	\$ 7,000	1.975%	The need for Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 557,510	\$ 2,230,040	(Note 3)
0	San Fu Chemical Co., Ltd.	International Nitto Technology Co., Ltd.	Other receivables	Y	400,000	400,000	250,000	1.975%	The need for Short-term financing	52,821	Operating capital	-	-	-	557,510	2,230,040	(Note 3)
0	San Fu Chemical Co., Ltd.	San Fu Biotech Co., Ltd.	Other receivables	Y	50,000	50,000	-	-	The need for Short-term financing	3,092	Operating capital	-	-	-	557,510	2,230,040	(Note 3)
0	San Fu Chemical Co., Ltd.	Bio Phoenix Co., Ltd.	Other receivables	Y	300,000	300,000	-	-	The need for Short-term financing	-	Operating capital	-	-	-	557,510	2,230,040	(Note 3)
0	San Fu Chemical Co., Ltd.	Vina San Fu Industrial Gas Company Limited	Other receivables	Y	400,000	400,000	241,562 (USD7,550,000) (Note 4)	2%	The need for Short-term financing	-	Operating capital	-	-	-	557,510	2,230,040	(Note 3)
0	San Fu Chemical Co., Ltd.	Vina San Fu Material Company Limited	Other receivables	Y	400,000	400,000	92,786 (USD2,900,000) (Note 4)	2%	The need for Short-term financing	1,321	Operating capital	-	-	-	557,510	2,230,040	(Note 3)
0	San Fu Chemical Co., Ltd.	Vina San Fu Material Trading Company Limited	Other receivables	Y	100,000	100,000	38,394 (USD1,200,000) (Note 4)	2%	The need for Short-term financing	-	Operating capital	-	-	-	557,510	2,230,040	(Note 3)

Note 1: The items are numbered as follows:

- a. Issuer is numbered as "0".
- b. Investee companies are numbered from "1".

Note 2: The maximum amount for financing provided to others:

- a. The maximum amount of financing provided by the Company shall not exceed 40% of the Company's net worth.
- b. The maximum amounts of financing provided by the Company and its subsidiaries are as follows:
 - i. The maximum amount of financing provided to all businesses shall not exceed 10% of the Company's net worth. The maximum amount of financing provided to an individual shall not exceed 10% of the Company's net worth, and the gross transaction amount (the higher of purchase amount or sales amount between the two parties) for the past year.
 - ii. In the case of financing companies with short-term financing needs, the maximum amount of financing provided to such companies shall not exceed 40% of their net worth, the maximum amount of financing provided to an individual shall not exceed 10% of the Company's net worth.

Note 3: Other receivables have been written off when preparing the consolidated financial statements.

Note 4: Calculated based on the foreign currency exchange rate dated March 31, 2026 (USD \$1 = NT\$31.995)

San Fu Chemical Co., Ltd. and Subsidiaries

ENDORSEMENTS/GURANTEES PROVIDED

For the Three Months Ended March 31, 2026

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 2

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limit on Endorsement/ Guarantee Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period	Ending Balance	Amount Actual Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	San Fu Chemical Co., Ltd.	San Fu Biotech Co., Ltd.	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	\$ 557,510	\$ 300,000	\$ 300,000	\$ 130,000	\$ -	5.38%	\$ 2,230,040	Y	N	N	
0	San Fu Chemical Co., Ltd.	International Nitto Technology Co., Ltd.	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	557,510	400,000	400,000	250,000	-	7.17%	2,230,040	Y	N	N	
0	San Fu Chemical Co., Ltd.	Vina San Fu Industrial Gas Company Limited	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	557,510	200,000	200,000	-	-	3.59%	2,230,040	Y	N	N	
0	San Fu Chemical Co., Ltd.	Vina San Fu Material Company Limited	A subsidiary in which the Parent Company holds directly and indirectly over 90% of an equity interest.	557,510	200,000	200,000	-	-	3.59%	2,230,040	Y	N	N	

Note 1: The items are numbered as follows:

- a. Issuer is numbered as "0".
- b. Investee companies are numbered from "1".

Note 2: The maximum amount for guarantees provided to others:

- a. The maximum amount of guarantee provided by the Company shall not exceed 40% of the Company's net worth.
- b. The maximum amount of guarantee provided to all subsidiaries not exceeds 40% of the Company's net worth. The maximum amount of guarantee provided to an individual shall not exceed 10% of the Company's net worth.

San Fu Chemical Co., Ltd. and Subsidiaries

MARKETABLE SECURITIES HELD

For the Three Months Ended March 31, 2026

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 3

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	As of March 31, 2026				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
San Fu Chemical Co., Ltd.	E'Dale Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	642,060	\$ 6,698	3.45%	\$ 6,698	
	Savior Lifetec Corporation	-	Financial assets at fair value through other comprehensive income	1,429,177	29,941	0.45%	29,941	Note 2
	Global Graphene Group	-	Financial assets at fair value through other comprehensive income	18,490	-	1.42%	-	
Bio Phoenix Co., Ltd.	REGiMMUNE Limited		Financial assets at fair value through other comprehensive income	1,075,130	45,260	4.46%	45,260	
Sino Star Holding Limited	Hubei Xingfu Electronic Material Co., Ltd.	-	Financial assets at fair value through other comprehensive income	4,825,288	1,018,762	1.34%	1,018,762	Notes 2, 3

Note 1: For further information on investments in subsidiaries, associates and joint venture please refer to Tables 6 and 7.

Note 2: The fair value is calculated using closing market prices on March 31, 2026.

Note 3: This represents Huaxing Company's sale of 1,425,000 shares of Hubei Xingfu Electronic Materials Co., Ltd. stock in 2026, which resulted in a decrease in its shareholding percentage from 1.74% to 1.34%.

San Fu Chemical Co., Ltd. and Subsidiaries

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

For the Three Months Ended March 31, 2026

(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 4

Company Name	Related Party	Nature of Relationships	Receivables From Related Parties Ending Balance (Note 2)	Turnover Days	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
San Fu Chemical Corporation	International Nitto Technology Co., Ltd	Subsidiary	\$ 251,674	Note 2	\$ -	-	\$ -	\$ -
	VinaSanFu Industrial Gas Company Limited	Subsidiary	244,685	Note 3	1,162	follow up on the payment	-	-

Note 1: Receivables from related parties have been written-off when preparing the consolidated financial statements.

Note 2: It is the balance of other receivables after adding the capital loan and interest receivable.

Note 3: The Company generated receivables of NT\$1,162,000 from sales transactions with related parties, and other receivables of NT\$243,523,000 from funds loaned plus interest receivable.

SAN FU CHEMICAL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

For the Three Months Ended March 31, 2026

(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 5

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	InterCompany Transactions			Percentage of Consolidated Net Revenue or Total Assets	
				Financial Statement Item	Amount	Payment Terms		
0	Sanfu Chemical Corporation	International Nitto Technology Co., Ltd	1	Other receivables - net amount from related parties	\$ 251,674	According to the contract	2.89%	
				Accounts payable - Related parties, net	16,479	30 days after the invoice date	0.19%	
				Purchase	52,821	30 days after the invoice date	4.63%	
			Lifu Carbonate Co., Ltd.	1	Other receivables - net amount from related parties	7,018	According to the contract	0.08%
			VinaSanFu Industrial Gas Company Ltd.	1	Other receivables - net amount from related parties	243,523	According to the contract	2.79%
	VinaSanFu Material Company Limited	1	Other receivables - net amount from related parties	93,032	According to the contract	1.07%		
	VinaSanFu Material Trading Company Limited	1	Other receivables - net amount from related parties	38,481	According to the contract	0.44%		
1	VinaSanFu Material Company Limited	VinaSanFu Material Trading Company Limited	2	Accounts payable - Related parties, net	29,308	30 days after the invoice date	0.34%	

Note 1: The items are numbered as follows:

- a. Parent Company is numbered as "0".
- b. Subsidiaries are numbered from "1".

Note 2: There are two types of relationships with the transaction parties, just indicate the type:

1. Parent company to subsidiary
2. Subsidiary to subsidiary

Note 3: The above transactions have been fully written-off when preparing the consolidated financial statements.

Note 4: The Company may decide whether to list the major transactions in this table based on the principle of materiality.

San Fu Chemical Co., Ltd. and Subsidiaries

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES

For the Three Months Ended March 31, 2026

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 6

Investor Company	Investee Company (Note 2)	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2026			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2026	December 31, 2025	Number of Shares	%	Carrying Amount			
San Fu Chemical Co., Ltd.	San Fu Specialty Chemicals Investments Limited	Samoa	Investment activities	US\$ 2,351,000	US\$ 2,351,000	2,350,840	100%	\$1,665,752	\$5,254	\$5,254	Note 1
	Vina San Fu Industrial Gas Company Limited	Vietnam	Engaged in industrial gas production	US\$ 13,650,000	US\$ 13,650,000	-	100%	200,375	(5,806)	(5,806)	Note 1
	Vina San Fu Material Company Limited	Vietnam	Engaged in manufacturing chemical materials	US\$ 12,200,000	US\$ 12,200,000	-	100%	179,105	(8,013)	(8,013)	Note 1
	San Fu Biotech Co., Ltd.	Taiwan	Engaged in the manufacture and sale of food additives	7,374	7,374	1,030,000	100%	83,120	11,858	11,858	Notes 1
	Bio Phoenix Co., Ltd.	Taiwan	Engaged in research and development of new medicines	241,890	241,890	24,188,998	57.59%	296,826	(33,002)	(21,368)	Notes 1, 3
	International Nitto Technology Co., Ltd	Taiwan	Engaged in chemical manufacturing business	1,277,904	1,277,904	101,000,000	100%	952,431	(9,957)	(9,957)	Notes 1
	Hong Chong Enterprise Co., Ltd.	Taiwan	Liquid oxygen, oxygen, liquid nitrogen and other gas trading business	10,527	10,527	1,200,000	50%	16,002	499	250	
	Lifu Carbonate Co., Ltd.	Taiwan	Engaged in carbon dioxide gas, carbonic acid fire extinguisher, dry ice manufacturing and its sales and marketing	93,265	77,253	2,000	100%	92,801	(588)	(512)	Notes 1, 4
	Shian Yun Joint Stock Company	Vietnam	Engaged in industrial gas production	US\$ 1,232,000	US\$ 1,232,000	2,659,974	33.33%	43,383	505	168	
San Fu Specialty Chemicals Investments Limited	Shanghai San Fu Ming Electronic Material Co., Ltd.	Shanghai, China	Engaged in the operation of international trade business	US\$ 2,151,000	US\$ 2,151,000	-	50%	411,549	7,522	3,761	Note 2
	Sino Star Holding Limited	Samoa	Investment activities	US\$ 1,868,000	US\$ 1,868,000	1,867,838	100%	1,069,364	1	1	Note 1
Vina San Fu Material Company Limited	Vina San Fu Materials Trading Co., Ltd	Vietnam	Engaged in manufacturing chemical materials	US\$ 400,000	US\$ 400,000	-	100%	15,409	(300)	(300)	Note 1

Note 1: When the consolidated financial statements are prepared, they were all written off.

Note 2: For further information on investments in Mainland China please refer to Table 7.

Note 3: The Company did not subscribe to the capital increase in cash of Bio Phoenix Co., Ltd. in proportion to its existing shareholding on January 26, 2026, resulting in a decrease in its ownership percentage from 89.59% to 57.59%.

Note 4: This represents San Fu Chemical's buyback of Li Fu Carbonate Co., Ltd. shares from non-controlling interests on March 31, 2026, increasing its ownership percentage from 87% to 100%.

San Fu Chemical Co., Ltd. and Subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

For the Three Months Ended March 31, 2026

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 7

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2026 (Note 1)	Investment Flows		Accumulated Outflow of Investment from Taiwan as March 31, 2026 (Note 1)	Net Income (Loss) of the Investee Company	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 3)	Carrying Amount as of March 31, 2026 (Note 1)	Accumulated Inward Remittance of Earnings as of March 31, 2026
					Outflow	Inflow						
Shanghai San Fu Ming Electronic Material Co., Ltd.	Engaged in the operation of international trade business	\$ 287,955 (US\$ 9,000,000) (Notes 1 and 4)	Through the third Company reinvest in mainland companies	\$ 20,829 (US\$ 651,000)	\$-	\$-	\$ 20,829 (US\$ 651,000)	\$ 7,522	50	\$ 3,7615	\$ 411,549 (US\$12,863,000)	\$ -
Hubei Xingfu Electronic Material Co., Ltd.	Engaged in manufacturing and selling chemical products	\$1,660,680 (CNY 360,000,000) (Notes 2 and 8)	Through the third Company reinvest in mainland companies	\$ 59,703 (US\$ 1,866,000)	-	-	\$ 59,703 (US\$ 1,866,000)	- (Note 7)	1.34	-	\$ 1,018,762 (US\$31,841,000)	-

Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Stipulated by Investment Commission, MOEA
\$186,659 (US\$ 5,834,000) (Notes 5 and 6)	\$305,840 (US\$9,559,000)	\$3,476,197

Note 1: The exchange rate on March 31, 2026 was USD\$1=NT\$ 31,995

Note 2: The exchange rate on March 31, 2026 was CNY\$1=NT\$ 4,613

Note 3: The average exchange rate was based on the USD\$1=NT\$ 31.631 for the three month period from January 1, 2026 to March 31, 2026.

Note 4: In April 2012, the Shanghai San Fu Ming Electronic Material Co., Ltd. issued common stocks for cash capital increase amounting to US\$ 651,000 (all new shares were subscribed by Hubei Xingfu Electronic Materials Co., Ltd.). In October 2012, the Company converted US\$ 1,698,000 of retained earnings into capital stock. In April 2013, the Company increased its capital by US\$3,000,000, and in July 2018, the Company transferred US\$3,000,000 of retained earnings into capital.

Note 5: This includes accumulated outward remittance for investments in Keyron Top Chemical (Shanghai) Co., Ltd. (US\$ 2,017,000). The Company was liquidated in August 2006.

Note 6: The investment in Shandong Fangda Jinke Additive Co., Ltd. was remitted from Taiwan (US\$1,300,000). The Company was liquidated in January 2017.

Note 7: It refers to the financial assets measured at fair value through other comprehensive income (FVTOCI).

Note 8: On January 22, 2025, Hubei Xingfu Electronic Materials Co., Ltd. conducted a cash capital increase amounting to CNY 100,000,000, which was not participated in by the consolidated Company, and the company was simultaneously listed and traded on the Shanghai Stock Exchange.