

**ECLAT TEXTILE CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2026 and 2025**

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

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Independent Auditors' Review Report

To the Board of Directors of Eclat Textile Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Eclat Textile Co., Ltd. (the "Company") and its subsidiaries (together referred to as the "Group") as of June 30, 2026 and 2025, and the related consolidated statements of comprehensive income for the three months and the six months ended June 30, 2026 and 2025, and the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2026 and 2025, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the 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 conducted in accordance with the Standards on Auditing of the Republic of China 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 Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$1,108,548 thousand and \$1,052,082 thousand, each constituting 2.90% of the consolidated total assets as of June 30, 2026 and 2025, and consolidated total liabilities amounting to \$444,259 thousand and \$462,753 thousand, constituting 4.85% and 4.42% of the total consolidated liabilities as of June 30, 2026 and 2025, respectively. Additionally, the total comprehensive loss amounted to \$412,893 thousand, \$420,454 thousand, \$796,162 thousand and \$841,174 thousand, constituting (27.25)%, 213.91%, (22.77)% and (53.96)% of the consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2026 and 2025, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, 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 the Group as of June 30, 2026 and 2025, and of its consolidated financial performance for the three months and six months then ended, as well as its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Hsin-Yi Kuo and Jhao-Wun Jhang.

KPMG

Taipei, Taiwan (Republic of China)
August 6, 2026

Notes to Readers

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

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

ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2026, December 31, 2025, and June 30, 2025

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2026		December 31, 2025		June 30, 2025						June 30, 2026		December 31, 2025		June 30, 2025	
Assets		Amount	%	Amount	%	Amount	%			Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:										Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 6,201,035	16	3,409,474	10	6,837,687	19	2100		Current borrowings (notes 6(h) and (p))		\$ 238,556	1	547,353	2	533,699	2
1150	Notes receivable (note 6(b))	9,663	-	17,518	-	11,684	-	2150		Notes payable (note 6(p))		179,541	-	118,726	-	142,333	-
1170	Accounts receivable, net (note 6(b))	3,985,311	11	3,079,117	9	5,480,870	15	2170		Accounts payable (note 6(p))		2,137,038	6	1,984,638	6	1,984,068	5
1200	Other receivables (note 6(c))	839,839	2	1,667,279	5	47,437	-	2200		Other payables (notes 6(i) and (n))		5,253,867	14	1,506,043	4	6,572,584	18
1220	Current tax assets	190	-	24	-	1,620	-	2230		Current tax liabilities		896,914	2	778,947	2	629,404	2
1310	Inventories, net (note 6(d))	6,377,248	17	5,931,258	17	5,594,008	16	2280		Current lease liabilities (note 6(p))		19,914	-	15,689	-	12,616	-
1470	Other current assets (notes 6(g) and 8)	7,251,369	19	7,262,405	20	4,765,751	13	2399		Other current liabilities, others		278,009	1	311,469	1	423,397	1
	Total current assets	<u>24,664,655</u>	<u>65</u>	<u>21,367,075</u>	<u>61</u>	<u>22,739,057</u>	<u>63</u>			Total current liabilities		<u>9,003,839</u>	<u>24</u>	<u>5,262,865</u>	<u>15</u>	<u>10,298,101</u>	<u>28</u>
Non-current assets:										Non-current liabilities:							
1550	Investments accounted for using equity method	-	-	-	-	-	-	2570		Deferred tax liabilities		60,016	-	58,304	-	102,798	1
1600	Property, plant and equipment (notes 6(e) and 7)	12,140,654	32	12,323,370	35	12,188,870	34	2580		Non-current lease liabilities (note 6(p))		67,438	-	56,190	-	52,284	-
1755	Right-of-use assets	82,996	-	68,178	-	61,756	-	2640		Net defined benefit liability, non-current		18,931	-	15,975	-	10,867	-
1760	Investment property, net (note 6(f))	738,466	2	743,211	2	747,952	2	2645		Guarantee deposits received		14,121	-	6,442	-	6,399	-
1780	Intangible assets	42,397	-	20,016	-	26,700	-			Total non-current liabilities		<u>160,506</u>	<u>-</u>	<u>136,911</u>	<u>-</u>	<u>172,348</u>	<u>1</u>
1840	Deferred tax assets	14,235	-	14,235	-	13,222	-			Total liabilities		<u>9,164,345</u>	<u>24</u>	<u>5,399,776</u>	<u>15</u>	<u>10,470,449</u>	<u>29</u>
1975	Net defined benefit asset, non-current	179,388	-	176,607	1	166,758	-			Equity (note 6(k))							
1990	Other non-current assets, others (note 6(g))	320,236	1	324,221	1	342,511	1	3110		Ordinary shares		2,743,671	7	2,743,671	8	2,743,671	8
	Total non-current assets	<u>13,518,372</u>	<u>35</u>	<u>13,669,838</u>	<u>39</u>	<u>13,547,769</u>	<u>37</u>	3200		Capital surplus		3,769,803	10	3,769,803	11	3,769,803	10
										Retained earnings:							
								3310		Legal reserve		6,545,721	17	5,993,685	17	5,993,685	17
								3350		Unappropriated retained earnings		15,663,240	41	16,943,357	48	13,703,565	37
										Total retained earnings		<u>22,208,961</u>	<u>58</u>	<u>22,937,042</u>	<u>65</u>	<u>19,697,250</u>	<u>54</u>
								3490		Other equity, others		296,247	1	186,621	1	(394,347)	(1)
										Total equity		<u>29,018,682</u>	<u>76</u>	<u>29,637,137</u>	<u>85</u>	<u>25,816,377</u>	<u>71</u>
Total assets		<u>\$ 38,183,027</u>	<u>100</u>	<u>35,036,913</u>	<u>100</u>	<u>36,286,826</u>	<u>100</u>			Total liabilities and equity		<u>\$ 38,183,027</u>	<u>100</u>	<u>35,036,913</u>	<u>100</u>	<u>36,286,826</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Three Months and Six Months Ended June 30, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the three months ended June 30				For the six months ended June 30			
		2026		2025		2026		2025	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (note 6(m))	\$ 10,085,804	100	9,717,593	100	19,706,874	100	19,092,199	100
5000	Operating costs (notes 6(d), (e), (i), (n) and 12)	7,058,929	70	7,224,930	74	13,585,263	69	13,768,139	72
	Gross profit from operations	3,026,875	30	2,492,663	26	6,121,611	31	5,324,060	28
	Operating expenses (notes 6(e), (f), (i), (n), 7 and 12):								
6100	Selling expenses	558,461	5	506,091	5	1,005,034	5	924,625	5
6200	Administrative expenses	470,672	5	438,662	5	879,500	4	837,575	5
6300	Research and development expenses	62,825	1	46,954	-	107,247	1	85,546	-
	Total operating expenses	1,091,958	11	991,707	10	1,991,781	10	1,847,746	10
	Net operating income	1,934,917	19	1,500,956	16	4,129,830	21	3,476,314	18
	Non-operating income and expenses (notes 6(e), (o), 7 and 12):								
7010	Other income	8,069	-	8,036	-	16,217	-	16,142	-
7020	Other gains and losses, net	29,288	-	(724,383)	(7)	95,920	1	(617,354)	(3)
7050	Finance costs	(15,392)	-	(19,813)	-	(35,163)	-	(46,197)	-
7100	Interest income	51,887	1	64,732	-	92,654	-	87,711	-
	Total non-operating income and expenses	73,852	1	(671,428)	(7)	169,628	1	(559,698)	(3)
7900	Profit before income tax	2,008,769	20	829,528	9	4,299,458	22	2,916,616	15
7950	Total tax expense (note 6(j))	455,859	5	228,343	3	912,032	5	636,042	3
8200	Profit	1,552,910	15	601,185	6	3,387,426	17	2,280,574	12
8300	Other comprehensive income:								
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translation	(37,890)	-	(797,746)	(8)	109,626	1	(721,617)	(4)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total items that will be reclassified to profit or loss (note 6(k))	(37,890)	-	(797,746)	(8)	109,626	1	(721,617)	(4)
8300	Other comprehensive income, net	(37,890)	-	(797,746)	(8)	109,626	1	(721,617)	(4)
8500	Total comprehensive income (loss)	\$ 1,515,020	15	(196,561)	(2)	3,497,052	18	1,558,957	8
	Earnings per share (in dollars) (note 6(l))								
9750	Basic earnings per share	\$ 5.66		2.19		12.35		8.31	
9850	Diluted earnings per share	\$ 5.66		2.19		12.34		8.31	

See accompanying notes to consolidated financial statements.

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

ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the Six Months Ended June 30, 2026 and 2025****(Expressed in Thousands of New Taiwan Dollars)**

	Retained earnings					Other equity	
	Ordinary share	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Total equity
Balance at January 1, 2025	\$ 2,743,671	3,769,803	5,326,981	16,753,936	22,080,917	327,270	28,921,661
Profit	-	-	-	2,280,574	2,280,574	-	2,280,574
Other comprehensive income (loss)	-	-	-	-	-	(721,617)	(721,617)
Total comprehensive income (loss)	-	-	-	2,280,574	2,280,574	(721,617)	1,558,957
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	666,704	(666,704)	-	-	-
Cash dividends of ordinary share	-	-	-	(4,664,241)	(4,664,241)	-	(4,664,241)
Balance at June 30, 2025	\$ 2,743,671	3,769,803	5,993,685	13,703,565	19,697,250	(394,347)	25,816,377
Balance at January 1, 2026	\$ 2,743,671	3,769,803	5,993,685	16,943,357	22,937,042	186,621	29,637,137
Profit	-	-	-	3,387,426	3,387,426	-	3,387,426
Other comprehensive income (loss)	-	-	-	-	-	109,626	109,626
Total comprehensive income (loss)	-	-	-	3,387,426	3,387,426	109,626	3,497,052
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	552,036	(552,036)	-	-	-
Cash dividends of ordinary share	-	-	-	(4,115,507)	(4,115,507)	-	(4,115,507)
Balance at June 30, 2026	\$ 2,743,671	3,769,803	6,545,721	15,663,240	22,208,961	296,247	29,018,682

See accompanying notes to consolidated financial statements.

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

ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the Six Months Ended June 30, 2026 and 2025****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2026	2025
Cash flows from (used in) operating activities:		
Profit before tax	\$ 4,299,458	2,916,616
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	410,777	409,235
Amortization expense	14,515	15,281
Interest expense	35,163	46,197
Interest income	(92,654)	(87,711)
Loss (gain) on disposal of property, plant and equipment	714	60
Property, plant and equipment transferred to expenses	258	-
Total adjustments to reconcile profit	368,773	383,062
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable	7,855	5,767
Decrease (increase) in accounts receivable	(906,194)	1,054,927
Decrease (increase) in other receivables	852,722	(8,991)
Decrease (increase) in inventories	(446,095)	(71,710)
Decrease (increase) in other current assets	(74,196)	(72,568)
Decrease (increase) in other operating assets	(2,781)	(2,828)
Increase (decrease) in notes payable	60,815	42,240
Increase (decrease) in accounts payable	152,400	(178,986)
Increase (decrease) in other payables	(371,431)	401,026
Increase (decrease) in other current liabilities	(33,460)	109,692
Increase (decrease) in net defined benefit liability	2,956	1,439
Total changes in operating assets and liabilities	(757,409)	1,280,008
Total adjustments	(388,636)	1,663,070
Cash inflow generated from operations	3,910,822	4,579,686
Interest received	67,372	80,574
Interest paid	(33,627)	(54,623)
Income taxes paid	(794,230)	(863,906)
Net cash flows from (used in) operating activities	3,150,337	3,741,731
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(147,742)	(157,914)
Proceeds from disposal of property, plant and equipment	8	-
Increase in refundable deposits	(12)	-
Decrease in refundable deposits	-	481
Acquisition of intangible assets	(31,271)	(10,974)
Decrease in other financial assets	83,611	1,056,006
Increase in other non-current assets	-	(3,451)
Decrease in other non-current assets	4,112	-
Net cash flows from (used in) investing activities	(91,294)	884,148
Cash flows from (used in) financing activities:		
Increase in current borrowings	601,931	4,047,686
Decrease in current borrowings	(914,412)	(5,220,734)
Increase in guarantee deposits received	7,679	-
Decrease in guarantee deposits received	-	(70)
Payments of lease liabilities	(6,520)	(10,067)
Net cash flows from (used in) financing activities	(311,322)	(1,183,185)
Effect of exchange rate changes on cash and cash equivalents	43,840	(223,186)
Net increase (decrease) in cash and cash equivalents	2,791,561	3,219,508
Cash and cash equivalents at the beginning of period	3,409,474	3,618,179
Cash and cash equivalents at the end of period	\$ 6,201,035	6,837,687

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
For the six months ended June 30, 2026 and 2025
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Eclat Textile Co., Ltd. (the “Company”) was incorporated on November 28, 1977. The Company has established the Hsi-Chou Plant and Da-Shan Plant in Miaoli, and Da-Yuan Plant in Taoyuan. The Company and its subsidiaries (the “Group”) have mainly been involved in the manufacture and sale of elastic knitted fabrics and garment manufacturing and trading. Please refer to note 4(b) for more details about the operation of the Group.

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

The consolidated financial statements were approved by the Board of Directors and issued on August 6, 2026.

(3) New standards, amendments and interpretations adopted

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission (hereinafter referred to as the “FSC”), R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2026:

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2027, would not have a significant impact on its consolidated financial statements:

- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

The Group expects to adopt the following new and amended standards, which effective for annual period beginning on January 1, 2028:

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

The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all entities.

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES

Notes to Consolidated Financial Statements

- A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.
- Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.
- Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

The new standard introduces consequential amendments to IAS 7, which require to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The consequential amendments also provide specific guidance on the classification of interest and dividend cash flows.

The Group is evaluating the impact on its consolidated financial statements upon the initial adoption of the new standard.

(ii) Amendments to IAS 28 “The Fair Value Option for Investments in Associates and Joint Ventures”

The Group does not expect the amendments to have a significant impact on its consolidated financial statements.

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 20 “Regulatory Assets and Regulatory Liabilities”

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(4) Summary of material accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by the FSC. The consolidated financial statements do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (altogether referred to “IFRS Accounting Standards” endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except for the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2025. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2025.

(b) Basis of consolidation

(i) The subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			June 30, 2026	December 31, 2025	June 30, 2025	
The Company	Grand Elite Holdings Inc. (Grand Elite)	Investments in securities, real estate, and manufacturing industry	100.00 %	100.00 %	100.00 %	Note 2
The Company	Eclat Cayman Islands Holdings (Eclat Cayman)	Investments in securities, real estate, and manufacturing industry	100.00 %	100.00 %	100.00 %	-
The Company	PT Eclat Textile International (Eclat Textile (ID))	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	100.00 %	Note 1
Grand Elite	Eclat Textile (Cambodia) Co., Ltd. (Eclat Textile (Cambodia))	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	100.00 %	Note 2
Eclat Cayman	Eclat Textile Co., Ltd. (Vietnam) (Eclat Textile (VN))	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	100.00 %	-
Eclat Cayman	Eclat Fabrics (Vietnam) Co., Ltd. (Fabrics)	Knit fabrics mill, printing, dyeing and finishing mill	100.00 %	100.00 %	100.00 %	-
Eclat Cayman	E-TOP (Vietnam) Co., Ltd. (E-TOP (VN))	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	100.00 %	-
Eclat Cayman	Colltex Garment Mfy Co., Ltd. (VN) (Colltex)	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	100.00 %	Note 2
Eclat Cayman	Eclat Enterprise Ltd. (Eclat Enterprise)	Investments in securities, real estate, and manufacturing industry	100.00 %	100.00 %	100.00 %	Note 2
Eclat Cayman	Tai-Yuan Garments Co., Ltd. (Tai-Yuan (VN))	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	100.00 %	Note 2
Eclat Cayman	PT Eclat Textile International (Eclat Textile (ID))	Design, manufacture, processing and sale of clothing	- %	- %	- %	Note 1

Note 1: Eclat Textile (ID) was mutually set up by the Company and Eclat Cayman. The shareholding ratio of the

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Company and Eclat Cayman are 99.9996% and 0.0004%, respectively.

Note 2: One of the non-significant subsidiaries whose financial reports for the six months ended June 30, 2026 and 2025 were not reviewed.

(ii) The subsidiaries are not included in the consolidated financial statements: None.

(c) Employee benefits

The pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant onetime events.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management’s best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 “Interim Financial Reporting” endorsed by the FSC requires management to make judgments, and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the consolidated financial statements, the critical judgments and key sources of estimation uncertainty used by management in the application of critical accounting policies are expected to be consistent with those in note 5 of the consolidated financial statements for the year ended December 31, 2025.

(6) Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2025 consolidated financial statements. Please refer to note 6 to the 2025 annual consolidated financial statements.

(a) Cash and cash equivalents

	June 30, 2026	December 31, 2025	June 30, 2025
Cash	\$ 3,767	4,022	4,171
Bank deposits	4,073,385	2,790,237	4,310,343
Term deposits	2,123,883	615,215	2,523,173
Cash and cash equivalents	<u>\$ 6,201,035</u>	<u>3,409,474</u>	<u>6,837,687</u>

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(b) Notes receivable and accounts receivable

	June 30, 2026	December 31, 2025	June 30, 2025
Notes receivable	\$ 9,663	17,518	11,684
Accounts receivable	4,009,397	3,103,203	5,504,956
Less: allowance for doubtful accounts	<u>(24,086)</u>	<u>(24,086)</u>	<u>(24,086)</u>
Total	<u><u>\$ 3,994,974</u></u>	<u><u>3,096,635</u></u>	<u><u>5,492,554</u></u>

The Group applies the simplified approach to provide for its expected credit losses, which means applying a lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including the macroeconomic and related industrial information.

The loss allowance provisions for the notes and accounts receivable of the Group were determined as follows:

June 30, 2026			
	Gross carrying amount	Weighted-average credit loss rate	Expected credit loss
Current	\$ 3,806,948	0%~2.6%	12,380
Within 30 days past due	167,395	0.2%~2.6%	525
31 to 120 days past due	40,529	0.2%~100%	6,993
Over 121 days past due	<u>4,188</u>	100%	<u>4,188</u>
	<u><u>\$ 4,019,060</u></u>		<u><u>24,086</u></u>

December 31, 2025			
	Gross carrying amount	Weighted-average credit loss rate	Expected credit loss
Current	\$ 2,869,287	0%~2.1%	15,378
Within 30 days past due	220,842	0.5%~2.1%	1,709
31 to 120 days past due	29,249	0.5%~100%	5,656
Over 121 days past due	<u>1,343</u>	100%	<u>1,343</u>
	<u><u>\$ 3,120,721</u></u>		<u><u>24,086</u></u>

June 30, 2025			
	Gross carrying amount	Weighted-average credit loss rate	Expected credit loss
Current	\$ 4,920,456	0%~1.2%	17,663
Within 30 days past due	564,619	0.3%~2.5%	2,865
31 to 120 days past due	30,766	0.3%~100%	2,759
Over 121 days past due	<u>799</u>	100%	<u>799</u>
	<u><u>\$ 5,516,640</u></u>		<u><u>24,086</u></u>

The Group did not recognize any impairment losses (allowance for doubtful accounts) due to an

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES
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increase in credit risk for the six months ended June 30, 2026 and 2025.

None of notes receivable and accounts receivable held by the Group were pledged or collateralized as of June 30, 2026, December 31, and June 30, 2025.

The Group has insured its accounts receivable against credit risk. The insured amounts were \$635,726 and \$2,189,806 thousand as of June 30, 2026 and 2025, respectively. The indemnity ratio was 90% of reviewed credit of policyholder, the recoverable amount of the insurance was considered when deciding impairment amount of accounts receivable. None of the accounts receivable were insured against credit risk as of December 31, 2025.

The Group has signed accounts receivable factoring contracts without recourse with financial institutions. As stated in the contract, the Group does not have to bear the risks of uncollectable accounts receivables but the loss incurred due to commercial arguments, and hence meets the criteria of derecognition of financial assets. Factored accounts receivables which were not due as of the report date were as follows:

June 30, 2026							
Factoring financial institution	Factoring credit limit	Amount Derecognized	Acceptable advances	Amount collected in advance	Transferred to other receivables (note)	Interest rate	Pledged items
E.Sun Bank	\$ <u>6,559,250</u>	<u>1,541,774</u>	<u>212,260</u>	<u>1,196,053</u>	<u>345,721</u>	<u>4.02-4.25%</u>	None
CTBC Bank	\$ <u>4,275,863</u>	<u>1,147,263</u>	<u>384,382</u>	<u>741,644</u>	<u>405,619</u>	<u>4.02-4.25%</u>	None

December 31, 2025							
Factoring financial institution	Factoring credit limit	Amount Derecognized	Acceptable advances	Amount collected in advance	Transferred to other receivables (note)	Interest rate	Pledged items
E.Sun Bank	\$ <u>6,473,150</u>	<u>1,889,909</u>	<u>1,214,942</u>	<u>295,136</u>	<u>1,594,773</u>	<u>4.02%</u>	None
CTBC Bank	\$ <u>4,470,918</u>	<u>1,089,250</u>	<u>1,033</u>	<u>1,079,419</u>	<u>9,831</u>	<u>4.15-4.22%</u>	None

June 30, 2025							
Factoring financial institution	Factoring credit limit	Amount Derecognized	Acceptable advances	Amount collected in advance	Transferred to other receivables	Interest rate	Pledged items
E.Sun Bank	\$ <u>5,405,850</u>	<u>349,530</u>	<u>5,056,320</u>	<u>349,530</u>	<u>-</u>	<u>4.80%</u>	None
CTBC Bank	\$ <u>3,672,023</u>	<u>300,803</u>	<u>3,371,220</u>	<u>300,803</u>	<u>-</u>	<u>4.73%</u>	None

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

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(c) Other receivables

	June 30, 2026	December 31, 2025	June 30, 2025
Other receivables — factoring of accounts receivable	\$ 751,340	1,604,604	-
Other receivables — interest income	46,473	21,191	16,907
Others	42,026	41,484	30,530
	<u>\$ 839,839</u>	<u>1,667,279</u>	<u>47,437</u>

None of other receivables held by the Group were past due or impaired as of June 30, 2026, December 31, and June 30, 2025.

(d) Inventories

	June 30, 2026	December 31, 2025	June 30, 2025
Raw materials (including raw materials in transit)	\$ 3,644,209	3,223,986	3,248,725
Supplies	743,897	820,554	705,704
Work in progress	1,738,560	1,585,787	1,448,591
Finished goods	250,582	300,931	190,988
	<u>\$ 6,377,248</u>	<u>5,931,258</u>	<u>5,594,008</u>

For the three months and the six months ended June 30, 2026 and 2025, the Group recognized inventory costs as part of cost of goods sold and expenses amounting to \$7,058,929 thousand, \$7,224,930 thousand, \$13,585,263 thousand and \$13,768,139 thousand, respectively. These amounts include reversal of inventory write-downs resulting from changes in inventory prices.

The details were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2026	2025	2026	2025
Gain from value recovery	\$ -	-	<u>1,349</u>	<u>3,219</u>

None of inventories held by the Group were pledged as of June 30, 2026, December 31, and June 30, 2025.

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(e) Property, plant and equipment

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

		<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Miscellaneous equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost:									
Balance at January 1, 2026	\$	4,916,306	9,085,344	6,153,108	115,611	396,424	1,826,736	4,688	22,498,217
Additions		-	19,925	90,069	1,399	3,721	30,647	1,981	147,742
Disposals		-	(9,502)	(15,429)	(1,434)	(305)	(1,417)	-	(28,087)
Reclassification		-	173	-	-	-	-	(431)	(258)
Effect of exchange rate changes		10,477	65,406	55,355	1,003	2,369	21,470	75	156,155
Balance at June 30, 2026	\$	<u>4,926,783</u>	<u>9,161,346</u>	<u>6,283,103</u>	<u>116,579</u>	<u>402,209</u>	<u>1,877,436</u>	<u>6,313</u>	<u>22,773,769</u>
Balance at January 1, 2025	\$	4,950,105	9,247,598	6,156,167	113,737	370,108	1,781,077	11,338	22,630,130
Additions		-	32,994	50,784	6,941	24,418	40,126	2,651	157,914
Disposals		-	(359)	(8,603)	(1,502)	(1,219)	(1,105)	-	(12,788)
Reclassification		-	6,115	-	-	-	-	(11,356)	(5,241)
Effect of exchange rate changes		(86,929)	(541,020)	(440,295)	(8,147)	(18,296)	(167,704)	(506)	(1,262,897)
Balance at June 30, 2025	\$	<u>4,863,176</u>	<u>8,745,328</u>	<u>5,758,053</u>	<u>111,029</u>	<u>375,011</u>	<u>1,652,394</u>	<u>2,127</u>	<u>21,507,118</u>
Depreciation:									
Balance at January 1, 2026	\$	-	3,085,579	5,177,281	92,442	257,272	1,562,273	-	10,174,847
Depreciation		-	197,422	121,178	2,973	15,610	57,911	-	395,094
Disposals		-	(8,966)	(15,284)	(1,434)	(305)	(1,376)	-	(27,365)
Effect of exchange rate changes		-	24,781	44,622	865	1,681	18,590	-	90,539
Balance at June 30, 2026	\$	<u>-</u>	<u>3,298,816</u>	<u>5,327,797</u>	<u>94,846</u>	<u>274,258</u>	<u>1,637,398</u>	<u>-</u>	<u>10,633,115</u>
Balance at January 1, 2025	\$	-	2,760,999	5,057,204	91,098	233,771	1,493,448	-	9,636,520
Depreciation		-	198,982	140,308	3,357	14,532	38,141	-	395,320
Disposals		-	(359)	(8,603)	(1,457)	(1,219)	(1,090)	-	(12,728)
Effect of exchange rate changes		-	(186,398)	(353,143)	(7,097)	(12,891)	(141,335)	-	(700,864)
Balance at June 30, 2025	\$	<u>-</u>	<u>2,773,224</u>	<u>4,835,766</u>	<u>85,901</u>	<u>234,193</u>	<u>1,389,164</u>	<u>-</u>	<u>9,318,248</u>
Carrying amounts:									
Balance at June 30, 2026	\$	<u>4,926,783</u>	<u>5,862,530</u>	<u>955,306</u>	<u>21,733</u>	<u>127,951</u>	<u>240,038</u>	<u>6,313</u>	<u>12,140,654</u>
Balance at January 1, 2026	\$	<u>4,916,306</u>	<u>5,999,765</u>	<u>975,827</u>	<u>23,169</u>	<u>139,152</u>	<u>264,463</u>	<u>4,688</u>	<u>12,323,370</u>
Balance at June 30, 2025	\$	<u>4,863,176</u>	<u>5,972,104</u>	<u>922,287</u>	<u>25,128</u>	<u>140,818</u>	<u>263,230</u>	<u>2,127</u>	<u>12,188,870</u>

The property, plant and equipment of the Group were not pledged or mortgaged as collateral for loans as of June 30, 2026, December 31, and June 30, 2025.

When the properties held by the Group are leased out to third parties under operating leases, such properties are reclassified as investment properties at their carrying amounts at the date of change in use, please refer to note 6(f) for further details.

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(f) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases owned by the Group.

The details of the changes were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at January 1, 2026 (Same as ending balance)	\$ <u>636,494</u>	<u>237,521</u>	<u>874,015</u>
Balance at January 1, 2025 (Same as ending balance)	\$ <u>636,494</u>	<u>237,521</u>	<u>874,015</u>
Depreciation:			
Balance at January 1, 2026	\$ -	130,804	130,804
Depreciation	-	4,745	4,745
Balance at June 30, 2026	\$ -	<u>135,549</u>	<u>135,549</u>
Balance at January 1, 2025	\$ -	121,321	121,321
Depreciation	-	4,742	4,742
Balance at June 30, 2025	\$ -	<u>126,063</u>	<u>126,063</u>
Carrying amounts:			
June 30, 2026	\$ <u>636,494</u>	<u>101,972</u>	<u>738,466</u>
January 1, 2026	\$ <u>636,494</u>	<u>106,717</u>	<u>743,211</u>
June 30, 2025	\$ <u>636,494</u>	<u>111,458</u>	<u>747,952</u>

The fair value of investment property was not significantly different from those disclosed in note 6(g) of the consolidated financial statements for the year ended December 31, 2025.

None of the investment property of the Group were pledged or mortgaged as collateral for loans as of June 30, 2026, December 31, and June 30, 2025.

(g) Other current or non-current assets

Current:

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Tax refund receivables	\$ 53,732	52,715	216,424
Payment in advance	55,887	66,824	94,254
Prepaid expense	67,650	32,868	59,324
Prepaid value-added tax	297,422	248,711	85,519
Other financial assets — term deposits	6,755,478	6,839,089	4,285,300
Refundable deposits	959	2,905	4,432
Others	<u>20,241</u>	<u>19,293</u>	<u>20,498</u>
	<u>\$ 7,251,369</u>	<u>7,262,405</u>	<u>4,765,751</u>

The Group's assets were pledged as collaterals to secure natural gas, solar energy and electricity as of June 30, 2026, December 31, and June 30, 2025, please refer to note 8.

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Non-current:

	June 30, 2026	December 31, 2025	June 30, 2025
Prepayments for business facilities	\$ 32,293	34,609	72,285
Long-term prepaid expense	277,676	279,472	265,620
Refundable deposits	<u>10,267</u>	<u>10,140</u>	<u>4,606</u>
	<u><u>\$ 320,236</u></u>	<u><u>324,221</u></u>	<u><u>342,511</u></u>

(h) Current borrowings

Details of current borrowings of the Group were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Unsecured bank loans	<u>\$ 238,556</u>	<u>547,353</u>	<u>533,699</u>
Unused quota	<u>\$ 6,702,420</u>	<u>6,800,934</u>	<u>5,605,184</u>
Range of interest rates	<u>4.02%~4.98%</u>	<u>4.10%~5.21%</u>	<u>4.20%~5.34%</u>

The changes in current borrowings of the Group were as follows:

	For the six months ended June 30	
	2026	2025
Beginning balance	\$ 547,353	1,804,322
Increase in current borrowings	601,931	4,047,686
Repayment of current borrowings	(914,412)	(5,220,734)
Effect of exchange rate changes	<u>3,684</u>	<u>(97,575)</u>
Ending balance	<u>\$ 238,556</u>	<u>533,699</u>
Range of interest rates	<u>3.98%~4.98%</u>	<u>4.20%~5.01%</u>

None of the Group's assets were pledged as collaterals to secure current borrowings as of June 30, 2026, December 31, and June 30, 2025.

(i) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since the prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2025 and 2024.

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The expenses (benefit) recognized for the Group were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2026	2025	2026	2025
Operating costs	\$ (214)	(229)	(437)	(446)
Selling expense	(218)	(244)	(438)	(497)
Administrative expense	(265)	(287)	(513)	(578)
	<u>\$ (697)</u>	<u>(760)</u>	<u>(1,388)</u>	<u>(1,521)</u>

The Group's employee benefit liabilities were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Compensated absences liability	<u>\$ 80,450</u>	<u>73,770</u>	<u>71,243</u>

(ii) Defined contribution plans

The pension costs that were contributed to Bureau of Labor Insurance or local relevant authorities were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2026	2025	2026	2025
Operating costs	\$ 9,288	7,421	18,503	14,894
Selling expense	7,114	6,181	14,097	12,219
Administrative expense	5,730	5,026	11,246	9,815
R&D expense	889	620	1,533	1,209
	<u>\$ 23,021</u>	<u>19,248</u>	<u>45,379</u>	<u>38,137</u>

(j) Income taxes

(i) The details of the Group's income tax expense was as follows:

	For the three months ended June 30		For the six months ended June 30	
	2026	2025	2026	2025
Current tax expense				
Current period	\$ 461,853	233,263	912,304	636,038
Adjustment for prior periods	(5,994)	(4,920)	(272)	4
	<u>455,859</u>	<u>228,343</u>	<u>912,032</u>	<u>636,042</u>
Deferred tax expense				
The occurrence and reversal of temporary differences	-	-	-	-
Income tax expense	<u>\$ 455,859</u>	<u>228,343</u>	<u>912,032</u>	<u>636,042</u>

(ii) The Company's income tax returns through 2024 have been examined by the R.O.C. tax authority.

(iii) Global minimum top-up tax

The Group has applied a temporary mandatory relief from deferred tax accounting for the

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impacts of the top-up tax and accounts for it as a current tax when it is incurred.

(k) Capital and other equity

Except for the following disclosure, there were no significant changes for capital and other equity for the six months ended June 30, 2026 and 2025. For the related information, please refer to note 6 (n) of the consolidated financial statements for the year ended December 31, 2025.

(i) Retained earnings

According to the Company's Articles of Incorporation, 10% of annual net earnings (net of income taxes), after deducting accumulated deficits, must be set aside as legal reserve. The remaining portion is to be distributed upon a proposal by the Board of Directors.

In accordance with the Article 240, paragraph 5 of the Company Act and the Company's Articles of Incorporation, Articles 37-1, the Company authorizes the Board of Directors, with the presence of more than two-thirds of the directors and the approval of a majority of the directors, to distribute all or part of the dividends and bonuses payable by way of cash, and to report to the shareholders' meeting. For the issuance of new shares, the proposal should be resolved during the shareholders' meeting.

The Company is now in the growth stage and has a plan to expand the product line. Due to the need for capital to fulfill the plan, the policy for dividend distribution should reflect factors such as investment planning, financial structure, future fund requirements, and status of earnings. In a normal consideration, the percentage of earnings distribution shall not be less than 50% of the net earnings of the current year after compensating for accumulated deficits, if any. The ratio for distributing cash dividends shall not be lower than 20% of the total distribution.

Earnings distributions for 2025 and 2024 were approved at the Board of Directors' meetings held on March 5, 2026 and February 27, 2025, respectively. The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31			
	2025		2024	
	Per share (in dollars)	Amount	Per share (in dollars)	Amount
Dividends distributed to ordinary shareholders:				
Cash dividends	\$ 15.00	<u><u>4,115,507</u></u>	17.00	<u><u>4,664,241</u></u>

Relevant information can be obtained through the Market Observation Post System or other public information channels.

(ii) Other equity (net of income tax)

	Financial statements translation differences from foreign operations
Balance at January 1, 2026	\$ 186,621
Exchange differences on translation of foreign financial statements	<u>109,626</u>
Balance at June 30, 2026	<u><u>\$ 296,247</u></u>
Balance at January 1, 2025	\$ 327,270
Exchange differences on translation of foreign financial statements	<u>(721,617)</u>
Balance at June 30, 2025	<u><u>\$ (394,347)</u></u>

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(l) Earnings per share

The basic and diluted earnings per share were calculated as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2026	2025	2026	2025
Basic earnings per share				
Profit attributable to ordinary shareholders of the Company	\$ <u>1,552,910</u>	<u>601,185</u>	<u>3,387,426</u>	<u>2,280,574</u>
Weighted average number of ordinary shares outstanding (in thousands)	<u>274,367</u>	<u>274,367</u>	<u>274,367</u>	<u>274,367</u>
Basic earnings per share (in dollars)	\$ <u>5.66</u>	<u>2.19</u>	<u>12.35</u>	<u>8.31</u>
Diluted earnings per share				
Profit attributable to ordinary shareholders of the Company	\$ <u>1,552,910</u>	<u>601,185</u>	<u>3,387,426</u>	<u>2,280,574</u>
Weighted average number of ordinary shares outstanding (basic) (in thousands)	274,367	274,367	274,367	274,367
Effect on employee's profit-sharing bonus (in thousands)	<u>136</u>	<u>73</u>	<u>150</u>	<u>78</u>
Weighted average number of ordinary shares outstanding (diluted) (in thousands)	<u>274,503</u>	<u>274,440</u>	<u>274,517</u>	<u>274,445</u>
Diluted earnings per share (in dollars)	\$ <u>5.66</u>	<u>2.19</u>	<u>12.34</u>	<u>8.31</u>

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES
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(m) Revenue from contracts with customers

	For the three months ended June 30, 2026		For the three months ended June 30, 2025	
	Knitted fabrics	Garments	Knitted fabrics	Garments
Main market :				
Americas	\$ 178,697	5,135,358	244,647	4,461,977
Asia	2,686,120	745,727	2,938,718	618,048
Europe	2,315	1,034,027	4,033	1,142,125
the Middle East	127,273	41,519	141,400	34,427
ANZ	-	110,482	1,514	99,244
Africa	6,447	17,839	15,491	15,969
	<u>\$ 3,000,852</u>	<u>7,084,952</u>	<u>3,345,803</u>	<u>6,371,790</u>
		For the three months ended June 30, 2026		For the three months ended June 30, 2025
Main product :				
Knitted fabrics		\$ 3,000,852		3,345,803
Garments		<u>7,084,952</u>		<u>6,371,790</u>
		<u>\$ 10,085,804</u>		<u>9,717,593</u>
	For the six months ended June 30, 2026		For the six months ended June 30, 2025	
	Knitted fabrics	Garments	Knitted fabrics	Garments
Main market:				
Americas	\$ 393,594	9,884,538	441,232	9,274,419
Asia	5,126,624	1,548,598	5,425,928	1,209,110
Europe	5,136	2,100,433	7,849	2,022,474
the Middle East	345,462	61,575	413,544	60,739
ANZ	4,672	180,983	3,072	161,324
Africa	27,700	27,559	45,768	26,740
	<u>\$ 5,903,188</u>	<u>13,803,686</u>	<u>6,337,393</u>	<u>12,754,806</u>
		For the six months ended June 30, 2026		For the six months ended June 30, 2025
Main product:				
Knitted fabrics		\$ 5,903,188		6,337,393
Garments		<u>13,803,686</u>		<u>12,754,806</u>
		<u>\$ 19,706,874</u>		<u>19,092,199</u>

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES
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(n) Employee's profit-sharing bonus

According to the Articles of Incorporation, if the Company has a profit in the current year, the profit shall be used to offset against any accumulated losses incurred by the Company. The remainder, if any, no less than 1% shall be appropriated for the employee's compensation for the distribution according to the resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and be reported to the shareholders' meeting. The distribution of employee compensation may be made in the form of shares or cash. Of the employee compensation, no less than 50% shall be allocated to the distribution of compensation for the employees.

For the three months and the six months ended June 30, 2026 and 2025, the estimated employee's profit-sharing bonuses amounted to \$19,898 thousand, \$30,000 thousand, \$42,595 thousand and \$30,000 thousand, respectively. Which were calculated based on the Company's profit excluding tax as well as employee's profit-sharing bonuses, and were reported under cost of goods sold and operating expenses in the current period. If there are any subsequent adjustments to the actual remuneration amounts, the adjustments will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

The estimated employee's profit-sharing bonuses amounted to \$70,000 thousand and \$9,000 thousand for 2025 and 2024, respectively. There were no differences between the estimated and the distributed employee's profit-sharing bonuses, and the related information can be obtained from the Market Observation Post System website of the Taiwan Stock Exchange.

(o) Non-operating income and expenses

(i) Interest income

The Group's interest income were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2026	2025	2026	2025
Interest income from bank deposits \$	<u>51,887</u>	<u>64,732</u>	<u>92,654</u>	<u>87,711</u>

(ii) Other income

The Group's other income were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2026	2025	2026	2025
Rental income	<u>\$ 8,069</u>	<u>8,036</u>	<u>16,217</u>	<u>16,142</u>

(iii) Other gains and losses, net

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

	For the three months ended June 30		For the six months ended June 30	
	2026	2025	2026	2025
Loss on disposal of property, plant and equipment	\$ (665)	(60)	(714)	(60)
Foreign exchange gain (loss)	28,352	(731,944)	92,686	(618,983)
Others	<u>1,601</u>	<u>7,621</u>	<u>3,948</u>	<u>1,689</u>
	<u>\$ 29,288</u>	<u>(724,383)</u>	<u>95,920</u>	<u>(617,354)</u>

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(iv) Finance costs

The Group's finance costs were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2026	2025	2026	2025
Bank borrowings interest	\$ 2,992	18,527	6,913	44,453
Lease liabilities interest	1,033	404	1,446	862
Factoring of accounts receivable	11,367	882	26,804	882
	\$ 15,392	19,813	35,163	46,197

(p) Financial instruments

There were no material changes of financial instruments for the six months ended June 30, 2026 and 2025, except for followings. Please refer to note 6(s) of the consolidated financial report of 2025 for further information.

(i) Liquidity risks

The following were the contractual maturities of financial liabilities, including the impact of estimated interest.

	Carrying amount	Contractual cash flows	Less than 12 months	1 to 2 years	2 to 5 years	More than 5 years
June 30, 2026						
Non-derivative financial liabilities						
Short-term borrowings	\$ 238,556	241,050	241,050	-	-	-
Accounts and notes payable	2,316,579	2,316,579	2,316,579	-	-	-
Lease liabilities	87,352	109,880	23,677	15,540	23,785	46,878
	\$ 2,642,487	2,667,509	2,581,306	15,540	23,785	46,878
December 31, 2025						
Non-derivative financial liabilities						
short-term borrowings	\$ 547,353	550,089	550,089	-	-	-
Accounts and notes payable	2,103,364	2,103,364	2,103,364	-	-	-
Lease liabilities	71,879	88,783	17,223	12,758	11,151	47,651
	\$ 2,722,596	2,742,236	2,670,676	12,758	11,151	47,651
June 30, 2025						
Non-derivative financial liabilities						
Short-term borrowings	\$ 533,699	559,156	559,156	-	-	-
Accounts and notes payable	2,126,401	2,126,401	2,126,401	-	-	-
Lease liabilities	64,900	76,311	12,779	11,561	9,956	42,015
	\$ 2,725,000	2,761,868	2,698,336	11,561	9,956	42,015

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The Group doesn't expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(ii) Market risks

1) Foreign currency risk

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

	June 30, 2026			December 31, 2025			June 30, 2025		
	Foreign currency (thousands)	Exchange rate	NTD	Foreign currency (thousands)	Exchange rate	NTD	Foreign currency (thousands)	Exchange rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 237,487	31.850	7,563,961	225,119	31.430	7,075,490	271,719	29.300	7,961,367
VND	346,378,126	0.0012	419,377	368,381,013	0.0012	443,661	323,666,811	0.0011	365,450
IDR	4,804,044	0.0018	8,569	6,839,840	0.0019	12,810	4,831,675	0.0018	8,721
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	\$ 45,293	31.850	1,442,582	53,662	31.430	1,686,597	59,802	29.300	1,752,199
VND	543,735,956	0.0012	658,329	546,473,245	0.0012	658,147	605,099,699	0.0011	683,215
IDR	51,852,460	0.0018	92,490	52,496,976	0.0019	98,318	42,024,685	0.0018	75,853

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, other current assets, current borrowings, accounts payable and other payables, etc. A 1% depreciation or appreciation of the NTD against the USD, VND and IDR as of June 30, 2026 and 2025 would have increased or decreased the net income after tax by \$46,388 thousand and \$46,594 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis was based on the same basis.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the six months ended June 30, 2026 and 2025, the foreign exchange gain (loss) (including realized and unrealized portions), were as follows:

	For the six months ended June 30			
	2026		2025	
	Exchange (loss) gain	Average rate	Exchange (loss) gain	Average rate
USD	\$ 92,686	31.614	(618,983)	31.859

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(iii) Interest rate risk

For floating rate liabilities, the analysis assumes that the balances of outstanding liabilities on the reporting date have been outstanding for the whole period, and their rational change intervals are being estimated. If the interest rate increases/decreases by 1%, representing the reasonable interest rates changes made by management.

If the interest rate increases/decreases by 1%, the Group's net income will decrease/increase by \$2,386 thousand and \$5,337 thousand for the six months ended June 30, 2026 and 2025, respectively, with all other variable factors that remain constant. This was mainly due to the Group's borrowings in variable rates.

(iv) Fair value

The Group's management considers its financial assets and financial liabilities measured at amortized cost to be the approximation of the fair value.

(q) Financial risk management

The objectives and the policies of the financial risk management are consistent with those disclosed in note 6(t) of the consolidated financial statements for the year ended December 31, 2025.

(r) Capital management

The objectives, policies, and procedures of the Group's capital management are the same as those stated in the consolidated financial statements for the year ended December 31, 2025. There was no material change on quantitative data of the capital management. For relevant information, please refer to note 6(u) of the consolidated statements for the year ended December 31, 2025.

(7) Related-party transactions

(a) Names and relationship of related parties

The Group had transactions with related parties during the periods covered in the consolidated financial statements, as follows:

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Eclat Education Foundation (Eclat Foundation)	Established through donations by the Company.

(b) Significant transactions with related parties: None

(c) Key management personnel transactions

Key management personnel compensation comprised:

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>June 30</u>		<u>June 30</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Short-term employee benefits	<u>\$ 7,364</u>	<u>9,707</u>	<u>132,052</u>	<u>131,674</u>

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Cars provided to key management personnel were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Cost	\$ <u>20,227</u>	<u>20,227</u>	<u>20,227</u>
Quantity (cars)	<u>7</u>	<u>7</u>	<u>7</u>
Book value	\$ <u>7,409</u>	<u>8,592</u>	<u>9,775</u>

(8) Assets pledged as security

The Group's pledged assets were as follows:

Pledged assets	Pledged to secure	June 30, 2026	December 31, 2025	June 30, 2025
Other financial assets - current	Natural gas, solar energy and electricity security deposit	\$ <u>959</u>	<u>935</u>	<u>1,082</u>

(9) Commitments and contingencies

(a) The balances of unused letters of credit of the Group were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Unused letters of credit	\$ <u>3,174</u>	<u>533</u>	<u>9,316</u>

(b) Unrecognized contractual commitments of the Group were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Acquisition of property, plant and equipment	\$ <u>33,667</u>	<u>45,171</u>	<u>44,058</u>

(c) The balances of issued promissory notes of the Group were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Issued promissory notes	\$ <u>-</u>	<u>20,000</u>	<u>20,000</u>

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

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(12) Other

- (a) The Group's employee benefits, depreciation and amortization expenses, categorized by function, were as follows:

By function By nature	For the three months ended June 30, 2026				For the three months ended June 30, 2025			
	Operating costs	Operating expenses	Non-Operating expenses	Total	Operating costs	Operating expenses	Non-Operating expenses	Total
Employee benefits								
Salary	897,487	541,232	-	1,438,719	884,115	491,042	-	1,375,157
Labor and health insurance	81,988	37,272	-	119,260	78,467	30,879	-	109,346
Pension	9,074	13,250	-	22,324	7,192	11,296	-	18,488
Directors' remuneration	-	3,269	-	3,269	-	3,270	-	3,270
Others	46,555	24,312	-	70,867	51,635	21,791	-	73,426
Depreciation	136,327	68,886	331	205,544	134,874	63,740	331	198,945
Amortization	2,665	5,050	-	7,715	2,772	5,206	-	7,978

By function By nature	For the six months ended June 30, 2026				For the six months ended June 30, 2025			
	Operating costs	Operating expenses	Non-Operating expenses	Total	Operating costs	Operating expenses	Non-Operating expenses	Total
Employee benefits								
Salary	1,748,747	988,152	-	2,736,899	1,767,220	897,079	-	2,664,299
Labor and health insurance	165,816	83,816	-	249,632	161,069	74,645	-	235,714
Pension	18,066	25,925	-	43,991	14,448	22,168	-	36,616
Directors' remuneration	-	6,458	-	6,458	-	6,541	-	6,541
Others	88,317	46,328	-	134,645	96,936	43,723	-	140,659
Depreciation	273,234	136,881	662	410,777	280,021	128,552	662	409,235
Amortization	5,450	9,065	-	14,515	5,497	9,784	-	15,281

- (b) Seasonality of operations

The operation of the Group was not materially influenced by seasonality or cyclicity factors.

(13) Other disclosures

- (a) Information on significant transactions

The followings were the disclosures on significant transactions required under the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) Material securities held as of June 30, 2026 (excluding investment in subsidiaries, associates and joint ventures): None.

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES

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(iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NTD 100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases/ (sales)	Amount	Percentage of total purchases/ sales	Payment terms (days)	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
The Company	Eclat Textile (VN)	Indirectly held subsidiaries	processing	942,120	16.39 %	30	(Note 3)	(Note 3)	Accounts payable (84,110)	(3.33)%	(Note 1) (Note 2)
Eclat Textile (VN)	The Company	Parent company	(sales)	(942,120)	(100.00)%	30	(Note 3)	(Note 3)	Accounts receivable 84,110	100.00 %	(Note 2)
The Company	Fabrics	Indirectly held subsidiaries	purchasing	909,963	11.49 %	30	(Note 3)	(Note 3)	Accounts payable (102,331)	(4.05)%	(Note 2)
Fabrics	The Company	Parent company	(sales)	(909,963)	(87.14)%	30	(Note 3)	(Note 3)	Accounts receivable 102,331	91.51 %	(Note 2)
The Company	E-TOP (VN)	Indirectly held subsidiaries	processing	612,963	10.66 %	30	(Note 3)	(Note 3)	Accounts payable (70,755)	(2.80)%	(Note 1) (Note 2)
E-TOP (VN)	The Company	Parent company	(sales)	(612,963)	(99.18)%	30	(Note 3)	(Note 3)	Accounts receivable 70,755	97.77 %	(Note 2)
The Company	Colltex	Indirectly held subsidiaries	processing	488,955	8.51 %	30	(Note 3)	(Note 3)	Accounts payable (61,660)	(2.44)%	(Note 1) (Note 2)
Colltex	The Company	Parent company	(sales)	(488,955)	(100.00)%	30	(Note 3)	(Note 3)	Accounts receivable 61,660	97.28 %	(Note 2)
The Company	Eclat Textile (Cambodia)	Indirectly held subsidiaries	processing	272,548	4.74 %	30	(Note 3)	(Note 3)	Accounts payable (57,173)	(2.26)%	(Note 1) (Note 2)
Eclat Textile (Cambodia)	The Company	Parent company	(sales)	(272,548)	(100.00)%	30	(Note 3)	(Note 3)	Accounts receivable 57,173	100.00 %	(Note 2)
The Company	Tai-Yuan (VN)	Indirectly held subsidiaries	processing	107,105	1.86 %	30	(Note 3)	(Note 3)	Accounts payable (10,356)	(0.41)%	(Note 1) (Note 2)
Tai-Yuan (VN)	The Company	Parent company	(sales)	(107,105)	(94.95)%	30	(Note 3)	(Note 3)	Accounts receivable 10,356	79.94 %	(Note 2)
The Company	Eclat Textile (ID)	Subsidiaries	processing	641,349	11.16 %	30	(Note 3)	(Note 3)	Accounts payable (61,893)	(2.45)%	(Note 1) (Note 2)
Eclat Textile (ID)	The Company	Parent company	(sales)	(641,349)	(100.00)%	30	(Note 3)	(Note 3)	Accounts receivable 61,893	100.00 %	(Note 2)

Note 1: Percentage on processing expense

Note 2: Transaction listed above has been eliminated during preparing consolidated financial statements.

Note 3: The same as general processing/purchasing/sales

(v) Receivables from related parties with amounts exceeding the lower of NTD 100 million or 20% of capital stock:

(In thousands of NTD/USD)

Name of Company	Name of counterparty	Nature of relationship	Ending balance	Turnover	Overdue		Amounts received in subsequent period	Allowance for bad debts	Note
					Amount	Action taken			
Fabrics	The Company	Indirectly held subsidiaries	102,331 (USD 3,213)	18.31	-	-	102,331 (USD 3,213)	-	(Note1) (Note2)

Note 1: Transaction listed above has been eliminated during preparing consolidated financial statements.

Note 2: The rate as of June 30, 2026 was USD 1 to NTD 31.85.

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(vi) Business relationships and significant intercompany transactions:

No. (Note 1)	Company name	Counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Financial statements item (Note 3)(Note 4)	Amount	Terms	Percentage of the consolidated net revenue or total assets
1	Fabrics	The Company	2	Sales	909,963	The same as general sales	4.62 %
1	Fabrics	The Company	2	Accounts receivable	102,331	The same as general sales	0.27 %
2	Eclat Textile (VN)	The Company	2	Processing revenue	942,120	The same as general processing	4.78 %
3	Colltex	The Company	2	Processing revenue	488,955	The same as general processing	2.48 %
4	E -TOP (VN)	The Company	2	Processing revenue	612,963	The same as general processing	3.11 %
5	Eclat Textile (Cambodia)	The Company	2	Processing revenue	272,548	The same as general processing	1.38 %
6	Tai-Yuan (VN)	The Company	2	Processing revenue	107,105	The same as general processing	0.54 %
7	Eclat Textile (ID)	The Company	2	Processing revenue	641,349	The same as general processing	3.25 %

Note 1: Numbers are filled in as follows:

1. 0 represents the parent company.
2. Subsidiaries are numbered from 1.

Note 2: Classification of relation with counterparty is listed as follows:

1. Parent to subsidiary.
2. Subsidiary to parent.
3. Between subsidiaries.

Note 3: Only disclosed the amount of important transactions over NT\$100 million, no need to disclosed corresponding transactions.

Note 4: Transaction listed above has been eliminated during preparing consolidated financial statements.

(b) Information on investees:

The following were the information on investment for the six months ended June 30, 2026
(excluding information on investee in Mainland China):

(In thousands of NTD/USD)

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2026			Net income (losses) of the investee	Share of profits/losses of investee	Note
				June 30, 2026	December 31, 2025	Shares (thousands)	Percentage of ownership	Carrying value (Note 4)			
The Company	Grand Elite	British Virgin Islands	Investments in securities, real estate, and manufacturing industry	271,362 (USD 8,520)	271,362 (USD 8,520)	21	100.00 %	206,790	27,414	27,414	Subsidiaries (Note 1)(Note 2)
The Company	Eclat Cayman	Cayman Islands	Investments in securities, real estate, and manufacturing industry	3,994,181 (USD 125,406)	3,994,181 (USD 125,406)	121,080	100.00 %	4,607,052	88,589	88,589	Subsidiaries (Note 1)(Note 2)
The Company	Eclat Textile (ID)	Indonesia	Design, manufacture, processing and sale of clothing	3,822,000 (USD 120,000)	3,822,000 (USD 120,000)	12,000	100.00 %	3,549,625	7,201	7,201	Subsidiaries (Note 1)(Note 2) (Note 3)
Grand Elite	Eclat Textile (Cambodia)	Cambodia	Design, manufacture, processing and sale of clothing	254,800 (USD 8,000)	254,800 (USD 8,000)	8,000	100.00 %	187,705	27,110	27,110	Subsidiaries of Grand Elite (Note 1)(Note 2)

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Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2026			Net income (losses) of the investee	Share of profits/losses of investee	Note
				June 30, 2026	December 31, 2025	Shares (thousands)	Percentage of ownership	Carrying value (Note 4)			
Eclat Cayman	Colltex	Vietnam	Design, manufacture, processing and sale of clothing	508,167 (USD 15,955)	508,167 (USD 15,955)	16,800	100.00 %	597,969	3,703	3,234	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	E-TOP (VN)	Vietnam	Design, manufacture, processing and sale of clothing	1,146,600 (USD 36,000)	1,146,600 (USD 36,000)	36,000	100.00 %	1,358,022	64,194	64,194	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	Eclat Enterprise	Cambodia	Investments in securities, real estate, and manufacturing industry	32 (USD 1)	32 (USD 1)	1	100.00 %	(1,154)	361	361	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	Eclat Textile (VN)	Vietnam	Design, manufacture, processing and sale of clothing	674,296 (USD 21,171)	674,296 (USD 21,171)	22,000	100.00 %	798,783	18,991	18,991	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	Fabrics	Vietnam	Knit fabric mills, printing, dyeing and finishing mill	1,274,000 (USD 40,000)	1,274,000 (USD 40,000)	40,000	100.00 %	1,833,920	19,030	9,793	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	Tai - Yuan (VN)	Vietnam	Design, manufacture, processing and sale of clothing	220,243 (USD 6,915)	220,243 (USD 6,915)	6,800	100.00 %	(6,998)	(7,966)	(8,113)	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	E&I Printing	Vietnam	Design, printing, dyeing and finishing mill	31,850 (USD 1,000)	31,850 (USD 1,000)	1,000	40.00 %	-	-	-	Invested company under equity method (Note 1)
Eclat Cayman	Eclat Textile (ID)	Indonesia	Design, manufacture, processing and sale of clothing	15 (USD 0.48)	15 (USD 0.48)	0.05	- %	14	7,201	-	Subsidiaries (Note 1)(Note 2)(Note 3)

Note 1: The rate as of June 30, 2026 was USD 1 to NTD 31.85.

Note 2: Transaction listed above has been eliminated during preparing consolidated financial statements.

Note 3: Eclat Textile (ID) was mutually set up by the Company and Eclat Cayman. The shareholding ratios are 99.9996% and 0.0004%, respectively.

Note 4: Accumulated translation is included.

(c) Information on investment in Mainland China: None.

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(14) Segment information

The reconciliation of operating segments of the Group were as follows:

For the three months ended June 30, 2026				
	Fabrics	Garments	Adjustments and eliminations	Total
Revenue				
From external customers	\$ 3,000,852	7,084,952	-	10,085,804
Inter-segments	2,317,128	1,574,266	(3,891,394)	-
Total revenue	\$ 5,317,980	8,659,218	(3,891,394)	10,085,804
Profit or loss from reportable segment	\$ 1,009,376	1,011,584	(12,191)	2,008,769
For the three months ended June 30, 2025				
	Fabrics	Garments	Adjustments and eliminations	Total
Revenue				
From external customers	\$ 3,345,803	6,371,790	-	9,717,593
Inter-segments	2,118,489	1,429,141	(3,547,630)	-
Total revenue	\$ 5,464,292	7,800,931	(3,547,630)	9,717,593
Profit or loss from reportable segment	\$ 707,129	175,878	(53,479)	829,528
For the six months ended June 30, 2026				
	Fabrics	Garments	Adjustments and eliminations	Total
Revenue				
From external customers	\$ 5,903,188	13,803,686	-	19,706,874
Inter-segments	4,123,281	3,073,881	(7,197,162)	-
Total revenue	\$ 10,026,469	16,877,567	(7,197,162)	19,706,874
Profit or loss from reportable segment	\$ 2,044,611	2,378,051	(123,204)	4,299,458
For the six months ended June 30, 2025				
	Fabrics	Garments	Adjustments and eliminations	Total
Revenue				
From external customers	\$ 6,337,393	12,754,806	-	19,092,199
Inter-segments	3,757,499	2,931,745	(6,689,244)	-
Total revenue	\$ 10,094,892	15,686,551	(6,689,244)	19,092,199
Profit or loss from reportable segment	\$ 1,700,729	1,361,097	(145,210)	2,916,616