Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent Auditor's Report

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

(Stock Code: 9802)

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Independent Auditors’ Report

To the Board of Directors and Shareholders of Fulgent Sun International (Holding) Co., Ltd.

Opinion

We have audited the consolidated balance sheets of Fulgent Sun International (Holding) Co., Ltd. and its subsidiaries (collectively, the “Group”) as of June 30, 2026, and 2025, and the related consolidated statements of comprehensive income, as well as the consolidated statements of changes in equity and cash flows for the three months and six months ended June 30, 2026, and 2025, and the related notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2026, and 2025, and its consolidated financial performance and consolidated cash flows for the three months and 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 Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matter

The key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2026. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on the matter.

Key audit matter for the Group’ s consolidated financial statements for the six months ended June 30, 2026, is as follows:

Sales Revenue Recognition

<u>Description</u>

Please refer to the consolidated financial statements for the accounting policy on sales revenue (Note 4 (4)), and the description of the sales revenue (Note 6 (18)). The sales revenue from the Group’s top ten customers accounted for 85% of the sales revenue for the six months ended June 30, 2026. As the recognition of sales revenue from the Group’s top ten customers has a significant impact on the financial statements, we consider the accuracy of such revenue recognition to be the key audit matter.

<u>Corresponding Audit Procedures</u>

Our audit procedures for the specific aspects described in the key audit matter above are summarized as follows:

1. We understood and evaluated the operating procedures and internal controls for the sale of goods, and tested the effectiveness of internal controls related to sales revenue.
2. We examined the revenue recognition of the top ten customers and checked the supporting documents and invoices to ensure the accuracy of revenue recognition.
3. We performed tests on significant sales returns subsequent occurring to the reporting period.
4. We performed confirmation procedures on accounts receivable from major sales customers.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34"Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management deems necessary to enable the preparation of the consolidated financial statements to be free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2026, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hua-Ling Liang and Yu-Chuan Wang.

PricewaterhouseCoopers
Taipei, Taiwan
Republic of China

August 18, 2026

Notes to Readers

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

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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Fulgent Sun International (Holding) 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	
	Assets	Notes	Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	6 (1)	$ 1,151,463	5	$ 2,364,689	11	$ 2,037,132	10
1110	Current financial assets at fair value through profit or loss	6 (2)	-	-	1,000	-	-	-
1170	Accounts receivable, net	6 (3)	4,350,324	20	3,751,109	17	4,448,571	22
1200	Other receivables		454,682	2	349,889	2	399,079	2
130X	Inventories	6 (4)	3,387,099	15	2,451,651	11	2,302,016	11
1410	Prepayments		57,618	-	79,952	1	63,009	1
1470	Other current assets	6 (7) and 8	45,477	-	38,822	-	38,621	-
11XX	**Total current assets**		9,446,663	42	9,037,112	42	9,288,428	46
	Non-current assets							
1510	Non-current financial assets at fair value through profit or loss	6(2)	-	-	-	-	200	-
1600	Property, plant and equipment	6 (5) and 8	11,023,759	49	10,676,264	49	9,057,751	45
1755	Right-of-use assets	6 (6)	1,502,870	7	1,537,968	7	1,474,656	7
1780	Intangible assets		35,852	-	35,927	-	35,275	-
1840	Deferred tax assets	6 (24)	397,232	2	295,255	1	261,241	1
1900	Other non-current assets	6 (7) and 8	130,405	-	152,725	1	248,619	1
15XX	**Total non-current assets**		13,090,118	58	12,698,139	58	11,077,742	54
1XXX	**Total assets**		$ 22,536,781	100	$ 21,735,251	100	$ 20,366,170	100

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(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
June 30, 2026, December 31, 2025, and June 30, 2025
(Expressed in Thousands of New Taiwan Dollars)

	Liabilities and Equity	Notes	June 30, 2026 Amount	%	December 31, 2025 Amount	%	June 30, 2025 Amount	%
	Current liabilities							
2100	Short-term borrowings	6 (8) and 8	$ 1,387,400	6	$ 1,330,000	6	$ 1,672,300	8
2130	Current contract liabilities	6 (18)	42,826	-	21,388	-	25,008	-
2170	Accounts payable		2,666,140	12	2,051,288	9	1,981,570	10
2200	Other payables	6 (9)	1,905,760	8	1,591,850	7	1,741,567	9
2230	Current tax liabilities		298,160	1	301,049	1	327,085	2
2280	Current lease liabilities		106,325	1	97,553	1	73,457	-
2320	Current portion of long-term liabilities	6 (10)(11) and 8	1,019,081	5	1,008,004	5	-	-
2399	Other current liabilities, others	6 (18)	66,380	-	137,463	1	56,793	-
21XX	**Total current liabilities**		7,492,072	33	6,538,595	30	5,877,780	29
	Non-Current liabilities							
2530	Bonds payable	6 (10)	-	-	-	-	946,872	5
2540	Long-term borrowings	6 (11) and 8	262,500	1	287,500	1	-	-
2560	Non-current tax liabilities		170,749	1	123,948	1	62,643	-
2570	Deferred tax liabilities	6 (24)	118,757	1	121,623	1	117,647	1
2580	Non-current lease liabilities		654,825	3	675,218	3	670,794	3
2600	Other non-current liabilities	6 (12)	209,767	1	202,628	1	185,745	1
25XX	**Total non-current liabilities**		1,416,598	7	1,410,917	7	1,983,701	10
2XXX	**Total liabilities**		8,908,670	40	7,949,512	37	7,861,481	39
	Equity attributable to owners of the parent company							
	Share capital	6 (15)						
3110	Ordinary share		2,009,917	9	2,009,917	9	2,009,917	10
	Capital surplus	6 (16)						
3200	Capital surplus		6,605,628	29	6,605,628	30	6,605,628	32
	Retained earnings	6 (17)						
3310	Legal reserve		1,508,800	7	1,442,687	7	1,387,473	7
3320	Special reserve		970,490	4	1,993,407	9	269,057	1
3350	Unappropriated retained earnings		3,379,052	15	2,687,925	12	4,208,341	21
	Other equity							
3400	Other equity		(862,726)	(4)	(970,490)	(4)	(1,993,407)	(10)
31XX	**Total equity attributable to owners of the parent company**		13,611,161	60	13,769,074	63	12,487,009	61
36XX	**Non-controlling interests**		16,950	-	16,665	-	17,680	-
3XXX	**Total equity**		13,628,111	60	13,785,739	63	12,504,689	61
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9						
	Significant Events after the Balance Sheet Date	11						
3X2X	**Total liabilities and equity**		$ 22,536,781	100	$ 21,735,251	100	$ 20,366,170	100

The attached annex to the consolidated financial statements is part of this consolidated financial report. Please refer to it.

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

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income

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

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

	Item	Notes	For the Three Months Ended June 30, 2026 Amount	%	For the Three Months Ended June 30, 2025 Amount	%	For the Six Months Ended June 30, 2026 Amount	%	For the Six Months Ended June 30, 2025 Amount	%
4000	Operating revenue	6 (18)	$ 5,258,501	100	$ 5,232,374	100	$ 8,933,111	100	$ 8,899,961	100
5000	Operating costs	6 (4)	(4,525,614)	(86)	(4,264,697)	(82)	(7,617,831)	(85)	(7,233,337)	(81)
5950	Gross profit from operations		732,887	14	967,677	18	1,315,280	15	1,666,624	19
	Operating expenses	6 (23)								
6100	Selling expenses		(72,935)	(1)	(56,977)	(1)	(121,699)	(2)	(107,020)	(1)
6200	Administrative expenses		(286,371)	(6)	(240,208)	(4)	(539,098)	(6)	(534,993)	(6)
6300	Research and development expenses		(112,077)	(2)	(83,740)	(2)	(204,502)	(2)	(160,333)	(2)
6450	Expected credit impairment (loss) gain	12 (2)	(418)	-	173	-	(210)	-	338	-
6000	Total operating expenses		(471,801)	(9)	(380,752)	(7)	(865,509)	(10)	(802,008)	(9)
6900	Net operating income		261,086	5	586,925	11	449,771	5	864,616	10
	Non-operating income and expenses									
7100	Interest income	6 (19)	10,299	-	19,441	-	19,506	-	36,197	-
7010	Other income	6 (20)	23,004	-	23,827	1	54,275	-	49,972	-
7020	Other gains and losses	6 (21)	(49,345)	(1)	(192,787)	(4)	(33,860)	-	(180,477)	(2)
7050	Finance costs	6 (22)	(16,014)	-	(13,962)	-	(30,498)	-	(26,305)	-
7000	Total non-operating income and expenses		(32,056)	(1)	(163,481)	(3)	9,423	-	(120,613)	(2)
7900	**Profit before income tax**		229,030	4	423,444	8	459,194	5	744,003	8
7950	Income tax expenses	6 (24)	(50,388)	(1)	(123,813)	(2)	(102,525)	(1)	(193,805)	(2)
8200	**Profit for the period**		$ 178,642	3	$ 299,631	6	$ 356,669	4	$ 550,198	6
	Other comprehensive income, net									
	Items that may be subsequently reclassified to profit or loss									
8361	Exchange differences on translation of foreign financial statements		($ 128,404)	(2)	($ 1,882,545)	(36)	$ 107,777	1	($ 1,724,427)	(19)
8300	**Other comprehensive (loss) income, net**		($ 128,404)	(2)	($ 1,882,545)	(36)	$ 107,777	1	($ 1,724,427)	(19)
8500	**Total comprehensive income (loss) for the period**		$ 50,238	1	($ 1,582,914)	(30)	$ 464,446	5	($ 1,174,229)	(13)
	Profit (loss) attributable to:									
8610	Owners of the parent company		$ 178,632	3	$ 300,475	6	$ 357,397	4	$ 552,351	6
8620	Non-controlling interests		$ 10	-	($ 844)	-	($ 728)	-	($ 2,153)	-
	Comprehensive income (loss) attributable to:									
8710	Owners of the parent		$ 50,170	1	($ 1,581,980)	(30)	$ 465,161	5	($ 1,171,999)	(13)
8720	Non-controlling interests		$ 68	-	($ 934)	-	($ 715)	-	($ 2,230)	-
	Basic earnings per share	6 (25)								
9750	Total basic earnings per share		$ 0.89		$ 1.50		$ 1.78		$ 2.76	
	Diluted earnings per share									
9850	Total diluted earnings per share		$ 0.87		$ 1.45		$ 1.75		$ 2.69	

The attached annex to the consolidated financial statements is part of this consolidated financial report. Please refer to it.

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

Fulgent Sun International (Holding) 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)

		Equity Attributable to Owners of the Parent Company										
		Share Capital			Retained Earnings							
	Notes	Ordinary Share	Advance Receipts for Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Treasury Shares	Total	Non-controlling Interests	Total Equity
Balance at January 1, 2025		$ 1,909,899	$ 625,798	$ 5,905,340	$ 1,318,803	$ 380,450	$ 4,236,542	($ 269,057)	($ 57,583)	$ 14,050,192	$ 20,703	$ 14,070,895
Profit (loss) for the period		-	-	-	-	-	552,351	-	-	552,351	(2,153)	550,198
Other comprehensive loss for the period		-	-	-	-	-	-	(1,724,350)	-	(1,724,350)	(77)	(1,724,427)
Total comprehensive income (loss) for the period		-	-	-	-	-	552,351	(1,724,350)	-	(1,171,999)	(2,230)	(1,174,229)
Distribution of earnings for the second half of 2024	6(17)											
Legal reserve appropriated		-	-	-	68,670	-	(68,670)	-	-	-	-	-
Reversal of special reserve		-	-	-	-	(111,393)	111,393	-	-	-	-	-
Cash dividends of ordinary shares		-	-	-	-	-	(623,068)	-	-	(623,068)	-	(623,068)
Conversion of convertible bonds	6(10)(15)(16)(27)	18	-	170	-	-	-	-	-	188	-	188
Issue of shares	6(15)(16)	100,000	(625,798)	657,361	-	-	-	-	-	131,563	-	131,563
Share-based payments	6(14)(16)	-	-	50,167	-	-	-	-	-	50,167	-	50,167
Treasury shares sold to employees	6(15)(16)	-	-	(7,410)	-	-	-	-	57,583	50,173	-	50,173
Difference between consideration and carrying amounts of subsidiaries acquired		-	-	-	-	-	(207)	-	-	(207)	(793)	(1,000)
Balance at June 30, 2025		$ 2,009,917	$ -	$ 6,605,628	$ 1,387,473	$ 269,057	$ 4,208,341	($ 1,993,407)	$ -	$ 12,487,009	$ 17,680	$ 12,504,689
Balance at January 1, 2026		$ 2,009,917	$ -	$ 6,605,628	$ 1,442,687	$ 1,993,407	$ 2,687,925	($ 970,490)	$ -	$ 13,769,074	$ 16,665	$ 13,785,739
Profit (loss) for the period		-	-	-	-	-	357,397	-	-	357,397	(728)	356,669
Other comprehensive income (loss) for the period		-	-	-	-	-	-	107,764	-	107,764	13	107,777
Total comprehensive income (loss) for the period		-	-	-	-	-	357,397	107,764	-	465,161	(715)	464,446
Distribution of earnings for the second half of 2025	6(17)											
Legal reserve appropriated		-	-	-	66,113	-	(66,113)	-	-	-	-	-
Reversal of special reserve		-	-	-	-	(1,022,917)	1,022,917	-	-	-	-	-
Cash dividends of ordinary shares		-	-	-	-	-	(623,074)	-	-	(623,074)	-	(623,074)
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	1,000	1,000
Balance at June 30, 2026		$ 2,009,917	$ -	$ 6,605,628	$ 1,508,800	$ 970,490	$ 3,379,052	($ 862,726)	$ -	$ 13,611,161	$ 16,950	$ 13,628,111

The attached annex to the consolidated financial statements is part of this consolidated financial report. Please refer to it.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Fulgent Sun International (Holding) 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)

	Notes	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Cash flows from operating activities			
Profit before income tax		$ 459,194	$ 744,003
Adjustments items			
Adjustments to reconcile profit and loss			
Depreciation expense	6(5)(6)(23)	444,114	459,655
Amortization expense	6(23)	13,017	9,218
Expected credit impairment loss (gain)	12(2)	210	(338)
Loss (gain) on financial assets and liabilities at fair value through profit or loss, net	6(2)(21)	1,000	(2,000)
Interest expense	6(22)	30,498	26,305
Interest income	6(19)	(19,506)	(36,197)
Share-based payments	6(14)	-	50,167
Gain on disposal of property, plant and equipment	6(21)	(1,714)	(1,030)
Profit from lease modification	6(6)	(788)	(10)
Changes in operating assets and liabilities			
Net changes in operating assets			
Accounts receivable		(550,855)	(1,283,323)
Other receivables		(109,467)	(90,304)
Inventories		(901,854)	(120,390)
Prepayments		23,688	(132)
Other current assets		(14,654)	(11,874)
Net changes in operating liabilities			
Contract liability		32,087	18,379
Accounts payable		563,644	162,797
Other payables		(6,883)	(30,456)
Other current liabilities		(73,231)	2,772
Other non-current liabilities		(1,635)	(1,557)
Cash flow generated from operations		(113,135)	(104,315)
Interest received		20,058	36,694
Interest paid		(15,709)	(11,399)
Income tax paid		(165,224)	(208,555)
Net cash flows used in operating activities		(274,010)	(287,575)

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Fulgent Sun International (Holding) 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)

	Notes	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Cash flows from investing activities			
Acquisition of financial assets at amortized cost		($ 2,535)	($ 8,800)
Proceeds from disposal of financial assets at amortized cost		2,800	148,189
Acquisition of property, plant and equipment	6(27)	(608,517)	(1,154,071)
Proceeds from disposal of property, plant and equipment		3,467	3,294
Increase in refundable deposits		(6,669)	(4,209)
Acquisition of intangible assets		(3,099)	(260)
Net cash inflows from business combination		1,000	-
Acquisition of right-of-use assets	6(6)	-	(362)
Increase in other non-current assets		(27)	(565)
Net cash flows used in investing activities		(613,580)	(1,016,784)
Cash flows from financing activities			
Increase in short-term borrowings	6(28)	9,031,884	6,275,032
Decrease in short-term borrowings	6(28)	(8,992,114)	(5,924,416)
Repayments of long-term borrowings	6(28)	(25,000)	-
Repayments of lease liabilities	6(6)(28)	(20,417)	(8,999)
Cash dividends paid	6(17)(28)	(401,983)	(380,660)
Proceeds from issuing shares	6(15)	-	134,202
Treasury shares sold to employees		-	50,173
Acquisition of equity interests in subsidiaries	6(26)	-	(1,000)
Net cash flows (used in) generated from financing activities		(407,630)	144,332
Effects of exchange rate changes		81,994	(181,266)
Net decrease in cash and cash equivalents		(1,213,226)	(1,341,293)
Cash and cash equivalents at beginning of period		2,364,689	3,378,425
Cash and cash equivalents at end of period		$ 1,151,463	$ 2,037,132

The attached annex to the consolidated financial statements is part of this consolidated financial report. Please refer to it.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Notes to the 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

Fulgent Sun International (Holding) Co., Ltd. (the "Company") was established in November 2009 in the Cayman Islands. The office is located at No. 76, Section 3, Yunlin Road, Douliu City, Yunlin County. The main business activities of the Company and its subsidiaries (the "Group") are the production and sale of sports and leisure outdoor footwear.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

The consolidated financial statements were authorized for issuance by the Board of Directors and published on August 18, 2026.

3. Application of the New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2026 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board ("IASB")
Specific provisions of Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Annual Improvements to IFRS Accounting Standards –Volume 11	January 1, 2026

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2027 are as follows:

New Standards, Interpretations and Amendments	Effective Date by IASB
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027(Note 1)
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Amendments to IAS 21, 'Translation to a hyperinflationary presentation currency'	January 1, 2027
Amendments to IAS 28, 'Amendments to the fair value option in IAS 28 investments in associates and joint ventures'	January 1, 2027(Note 2)

Note 1：The entities shall apply IFRS 18 starting from January 1, 2028. Additionally, entities can choose to adopt IFRS 18 earlier.
Note 2：The entities shall apply the amendment simultaneously with IFRS 18.

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete:

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective Date by IASB
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 20, 'Regulatory assets and regulatory liabilities'	January 1, 2029

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Material Accounting Policies

The principal accounting policies are the same as Note 4 of the 2025 consolidated financial statements except for the statement of compliance, basis of preparation, basis of consolidation and newly added accounting policies are explained below. These policies apply consistently during all reporting periods, unless otherwise specified.

(1) Compliance statement

A. These consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and the International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the FSC.

B. The consolidated financial statements should be read along with the consolidated financial statements for the year ended December 31, 2025.

(2) Basis of preparation

A. Except for the following significant items, the consolidated financial statements have been prepared under the historical cost convention:

Financial assets and liabilities at fair value through profit or loss.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of Consolidation

A. Basis for preparation of consolidated financial statements

The principles for preparing the consolidated financial statements are the same as those for the 2025 consolidated financial statements.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Percentage of Ownership June 30, 2026	Percentage of Ownership December 31, 2025	Percentage of Ownership June 30, 2025	Notes
The Company	Capital Concord Enterprises Limited (Capital Concord)	Holding company; Sports Leisure Outdoor Footwear Sales	100.00	100.00	100.00	
The Company	Medao Trading Co., Ltd. (Medao Trading)	Import/export trading	100.00	100.00	100.00	Note 1
Capital Concord	Fujian Laya Outdoor Products Co., Ltd. (Fujian Laya)	Import/export trading	100.00	100.00	100.00	
Capital Concord	Fujian Sunshine Footwear Co., Ltd. (Sunshine)	Sports Leisure Outdoor Footwear Production and Sales	100.00	100.00	100.00	
Capital Concord	Sunny Footwear Co., Ltd. (Sunny)	Sports Leisure Outdoor Footwear Production and Sales	100.00	100.00	100.00	
Capital Concord	Hubei Sunsmile Footwear Co., Ltd. (Sunsmile)	Sports Leisure Outdoor Footwear Production and Sales	100.00	100.00	100.00	
Capital Concord	Lin Wen Chih Sunbow Enterprises Co., Ltd. (Sunbow)	Sports Leisure Outdoor Footwear Production and Sales	100.00	100.00	100.00	
Capital Concord	Lin Wen Chih Sunstone Enterprises Co., Ltd. (Sunstone)	Sports Leisure Outdoor Footwear Production and Sales	100.00	100.00	100.00	
Capital Concord	Lin Wen Chih Sunzeal Enterprises Co., Ltd. (Sunzeal)	Sports Leisure Outdoor Footwear Production and Sales	100.00	100.00	100.00	
Capital Concord	Fulgent Sun Footwear Co., Ltd. (Fulgent Sun)	Sports Leisure Outdoor Footwear Production	100.00	100.00	100.00	
Capital Concord	NGOC Hung Footwear Co., Ltd. (NGOC HUNG)	Sports Leisure Outdoor Footwear Production	100.00	100.00	100.00	
Capital Concord	Eversun Footwear Co., Ltd. (Eversun)	Sports Leisure Outdoor Footwear Production	100.00	100.00	100.00	
Capital Concord	Sunglory Footwear Co., Ltd. (Sunglory)	Sports Leisure Outdoor Footwear Production and Sales	100.00	100.00	100.00	
Capital Concord	PT. SUN BRIGHT LESTARI	Sports Leisure Outdoor Footwear Production and Sales	100.00	100.00	100.00	
Capital Concord	Laya Technology Co., Ltd. (Laya Technology)	Shoes Material and Equipment Production and Sales	70.12	70.12	70.12	
Sunbow	Lin Wen Chih Sunlit Enterprises Co., Ltd. (Sunlit)	Land lease	100.00	100.00	100.00	Note 2
-	Solis International Co., Ltd. (Solis International)	Import/export trading	-	-	-	Note 3
-	Tanshu International Trading Co., Ltd. (Tanshu)	Import/export trading	-	-	-	Note 3

Note 1: The Group has de facto control over Medao Trading, and has included it in the consolidated financial statements since Q2 2024. The Company acquired 100% of the equity interests of Medao Trading from related parties in May, 2025, please refer to Notes 6 (26) and 7.

Note 2: A total of 51% of the equity is registered in the name of a related party who is a Cambodian in compliance with the local law and regulations. The Group has already taken relevant preservation measures.

Note 3: The Group has de facto control over Solis International and Tanshu, and has included them in the consolidated financial statements since Q2 2026.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Accounting Policies Related to Key Audit Matters

Revenue recognition

A. Sales of goods—wholesale

(A) The Group is engaged in the production and sale of sports and leisure outdoor shoes. Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(B) Revenue from these sales is recognized based on the price specified in the contract, net of the estimated sales allowances. Accumulated experience is used to estimate and provide for the sales allowances, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognized for expected sales allowances payable to customers in relation to sales made until the end of the reporting period.

(C) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Financing components

The Group has contracts signed with customers to have the promised commodity or service delivered and the payment made within one year or shorter; therefore, the Group has not adjusted the transaction price to reflect the time value of money.

(5) Income Tax

The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Except for the descriptions below regarding significant accounting judgments, estimates, and assumptions with uncertainties that are related to the key audit matters, please refer to Note 5 of the consolidated financial statements for the year ended 2025 for further details.

(1) Critical judgments in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgments and estimates. Due to the rapid technological innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

6. Explanation of Significant Accounts

(1) Cash and cash equivalents

	June 30, 2026	December 31, 2025	June 30, 2025
Cash on hand and revolving funds	$ 7,129	$ 6,667	$ 6,006
Checking deposits and demand deposits	1,024,259	1,104,287	1,585,568
Time deposits	120,075	1,253,735	445,558
Total	$ 1,151,463	$ 2,364,689	$ 2,037,132

A. The financial institutions of the Group have good credit quality, and the Group has dealings with several financial institutions to diversify credit risk; therefore, the likelihood of default is very low.

B. The Group classifies time deposits with an original maturity of more than 3 months and not meeting short-term cash commitments, as well as its restricted bank deposits, as financial assets at amortized cost and presents them under "other current assets", please refer to Notes 6 (7) and 8.

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

Item	June 30, 2026	December 31, 2025	June 30, 2025
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
- Convertible corporate bonds redemption and sale rights	$ -	$ 1,000	$ -
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
- Convertible corporate bonds redemption and sale rights	$ -	$ -	$ 200

A. The redemption and sale rights embedded in the Group's convertible corporate bonds resulted in losses of $100 and gains of $300 for the three months ended June 30, 2026 and 2025, respectively. For the six months ended June 30, 2026 and 2025, the redemption and sale rights resulted in losses of $1,000 and gains of $2,000, respectively.

B. The Group has not pledged any financial assets at fair value through profit or loss.

(3) Accounts receivable, net

	June 30, 2026	December 31, 2025	June 30, 2025
Accounts receivable	$ 4,356,879	$ 3,757,367	$ 4,455,332
Less: Allowance for impairment	(6,555)	(6,258)	(6,761)
	$ 4,350,324	$ 3,751,109	$ 4,448,571

A. The aging analysis of accounts receivable is as follows:

	June 30, 2026	December 31,2025	June 30, 2025
Current	$ 4,285,938	$ 3,651,530	$ 4,403,102
Overdue 0 to 90 days	46,660	99,176	45,543
Overdue 91 to 180 days	8,083	581	-
Overdue 181 to 365 days	10,260	-	-
Over 365 days past due	5,938	6,080	6,687
Total	$ 4,356,879	$ 3,757,367	$ 4,455,332

The above ageing analysis was based on the number of overdue days.

B. The balances of accounts receivable of June 30, 2026, December 31, 2025, and June 30, 2025 were generated from contracts with customers. The balances of accounts receivable from contracts with customers as of January 1, 2025 was $3,673,067.

C. The amount of the maximum credit risk of the Group's accounts receivable as of June 30, 2026, December 31, 2025, and June 30, 2025 regardless of the collateral or other credit enhancements held, was the book value of each type of accounts receivable.

D. For relevant credit risk information, please refer to Note 12(2).

(4) Inventories

	June 30, 2026		
	Cost	Allowance for Inventory Market Decline and Obsolescence	Book Value
Raw materials	$ 831,757	($ 33,527)	$ 798,230
Work in process	1,235,978	(27,267)	1,208,711
Finished goods	941,286	(37,686)	903,600
Inventory in transit	476,558	-	476,558
Total	$ 3,485,579	($ 98,480)	$ 3,387,099

	December 31, 2025		
	Cost	Allowance for Inventory Market Decline and Obsolescence	Book Value
Raw materials	$ 519,078	($ 32,992)	$ 486,086
Work in process	852,489	(10,911)	841,578
Finished goods	774,088	(23,718)	750,370
Inventory in transit	373,617	-	373,617
Total	$ 2,519,272	($ 67,621)	$ 2,451,651

	June 30, 2025		
	Cost	Allowance for Inventory Market Decline and Obsolescence	Book Value
Raw materials	$ 528,776	($ 36,203)	$ 492,573
Work in process	803,640	(5,448)	798,192
Finished goods	797,993	(15,613)	782,380
Inventory in transit	228,871	-	228,871
Total	$ 2,359,280	($ 57,264)	$ 2,302,016

The cost of inventories recognized by the Group as expenses in the current period:

	For the Three Months Ended June 30, 2026	For the Three Months Ended June 30, 2025
Cost of inventories sold	$ 4,532,126	$ 4,269,151
Inventory valuation gains from price recovery	(7,156)	(16,836)
Inventory scrap losses	1,079	5,378
Others	(435)	7,004
	$ 4,525,614	$ 4,264,697

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Cost of inventories sold	$ 7,587,639	$ 7,227,844
Loss (reversal) on decline in market value of obsolete and slow-moving inventory	30,859	(5,218)
Inventory scrap losses	2,051	5,378
Others	(2,718)	5,333
	$ 7,617,831	$ 7,233,337

The Group recognized a reduction in the cost of goods sold due to the recovery in the net realizable value of inventories for which inventory write-down losses had previously been recognized, as certain inventories were sold during for the three months ended June 30, 2026 and 2025, and the six months ended June 30, 2025.

(5) Property, Plant and Equipment

For the Six Months Ended June 30, 2026

Cost	Opening Balance	Increase in the Period	Decrease in the Period	Transfer in the Period	Effect of Exchange Rate Changes	Ending Balance
Land	$ 840,989	$ -	$ -	$ -	$ 11,238	$ 852,227
Buildings	7,526,164	47,051	-	130,224	51,101	7,754,540
Machinery and equipment	5,838,192	298,564	(43,814)	22,888	88,380	6,204,210
Transportation equipment	100,999	3,045	(66)	-	933	104,911
Office equipment	83,858	8,738	(111)	-	1,517	94,002
Others	2,633,602	87,037	(20,678)	19,272	44,469	2,763,702
Construction in progress and equipment under installation	1,140,543	276,247	(623)	(165,887)	(965)	1,249,315
	$ 18,164,347	$ 720,682	($ 65,292)	$ 6,497	$ 196,673	$ 19,022,907

Accumulated depreciation	Opening Balance	Increase in the Period	Decrease in the Period	Transfer in the Period	Effect of Exchange Rate Changes	Ending Balance
Buildings	($ 2,345,849)	($ 153,116)	$ -	$ -	($ 64,033)	($ 2,562,998)
Machinery equipment	(2,745,940)	(144,028)	42,687	-	(62,050)	(2,909,331)
Transportation equipment	(67,547)	(3,449)	66	-	(960)	(71,890)
Office equipment	(63,727)	(5,535)	111	-	(1,364)	(70,515)
Others	(2,265,020)	(100,711)	20,675	-	(39,358)	(2,384,414)
	($ 7,488,083)	($ 406,839)	$ 63,539	$ -	($ 167,765)	($ 7,999,148)
	$ 10,676,264					$ 11,023,759

	For the Six Months Ended June 30, 2025					
Cost	Opening Balance	Increase in the Period	Decrease in the Period	Transfer in the Period	Effect of Exchange Rate Changes	Ending Balance
Land	$ 389,700	$ -	$ -	$ -	($ 41,424)	$ 348,276
Buildings	5,798,654	2,936	-	292,931	(662,619)	5,431,902
Machinery and equipment	5,793,402	144,674	(16,499)	49,427	(661,697)	5,309,307
Transportation equipment	96,747	4,229	-	3,278	(11,900)	92,354
Office equipment	75,326	7,135	(1,785)	70	(8,487)	72,259
Others	2,642,713	73,189	(17,060)	8,995	(292,363)	2,415,474
Construction in progress and equipment under installation	1,781,223	859,611	-	(345,589)	(253,194)	2,042,051
	$ 16,577,765	$ 1,091,774	($ 35,344)	$ 9,112	($ 1,931,684)	$ 15,711,623

Accumulated depreciation	Opening Balance	Increase in the Period	Decrease in the Period	Transfer in the Period	Effect of Exchange Rate Changes	Ending Balance
Buildings	($ 2,133,022)	($ 130,934)	$ -	$ -	$ 229,360	($ 2,034,596)
Machinery equipment	(2,616,191)	(145,807)	15,222	-	289,701	(2,457,075)
Transportation equipment	(66,562)	(3,302)	-	-	7,847	(62,017)
Office equipment	(58,399)	(4,139)	1,775	-	6,396	(54,367)
Others	(2,167,259)	(137,200)	16,083	-	242,559	(2,045,817)
	($ 7,041,433)	($ 421,382)	$ 33,080	$ -	$ 775,863	($ 6,653,872)
	$ 9,536,332					$ 9,057,751

A. For the six months ended June 30, 2026, and 2025, the Group had no interest capitalized.

B. For property, plant and equipment provided by the Group as collateral as of June 30, 2026, December 31, 2025, and June 30, 2025, please refer to Note 8.

(6) Lease arrangements - Lessee

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 2 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. There are no restrictions except that the leased assets may not be used as loan guarantees.

B. The book value of the right-of-use assets and the depreciation charge are as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
	Book Value	Book Value	Book Value
Land	$ 929,570	$ 947,771	$ 906,830
Buildings	573,300	590,197	567,826
	$ 1,502,870	$ 1,537,968	$ 1,474,656

	For the Three Months Ended June 30, 2026	For the Three Months Ended June 30, 2025
	Depreciation Charge	Depreciation Charge
Land	$ 8,364	$ 8,245
Buildings	10,218	10,057
	$ 18,582	$ 18,302

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
	Depreciation Charge	Depreciation Charge
Land	$ 16,802	$ 17,213
Buildings	20,473	21,060
	$ 37,275	$ 38,273

C. For the three months ended June 30, 2026 and 2025, the additions to right-of-use assets were $1,314 and $0, respectively, and for the six months ended June 30, 2026 and 2025, the additions to right-of-use assets were $2,642 and $2,107, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	For the Three Months Ended June 30, 2026	For the Three Months Ended June 30, 2025
Items affecting profit and loss:		
Interest expense on lease liabilities	$ 1,847	$ 1,924
Expense on short-term lease contracts	308	153
Profit from lease modification	(788)	-

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Items affecting profit and loss:		
Interest expense on lease liabilities	$ 3,712	$ 4,036
Expense on short-term lease contracts	454	2,846
Profit from lease modification	(788)	(10)

E. For the six months ended June 30, 2026, and 2025, the Group's total cash outflow for leases was $20,871 and $11,845, respectively.

(7) Other current assets and other non-current assets

Item	June 30, 2026	December 31, 2025	June 30, 2025
Current:			
Financial assets at amortized cost - Restricted bank deposits	$ 6,464	$ 5,192	$ 2,115
Financial assets at amortized cost - Time deposits	4,500	7,300	12,900
Others	34,513	26,330	23,606
Total	$ 45,477	$ 38,822	$ 38,621
Non-current:			
Prepayments for equipment	$ 68,507	$ 98,896	$ 199,140
Refundable deposits	44,832	38,220	33,924
Financial assets at amortized cost - Restricted bank deposits	16,661	15,247	14,727
Others	405	362	828
Total	$ 130,405	$ 152,725	$ 248,619

For other current assets and other non-current assets provided by the Group as collateral as of June 30, 2026, December 31, 2025, and June 30, 2025, please refer to Note 8.

(8) Short-term borrowings

Type of Borrowings	June 30, 2026	Interest Rate Range	Collateral
Unsecured bank borrowings	$ 1,387,400	1.78%~4.00%	Note

Type of Borrowings	December 31, 2025	Interest Rate Range	Collateral
Unsecured bank borrowings	$ 1,330,000	1.76%~1.80%	Note

Type of Borrowings	June 30, 2025	Interest Rate Range	Collateral
Unsecured bank borrowings	$ 1,672,300	1.70%~4.81%	Note

Note: For property, plant and equipment provided by the Group as collateral as of June 30, 2026, December 31, 2025, and June 30, 2025, please refer to Note 8.

(9) Other payables

	June 30, 2026	December 31, 2025	June 30, 2025
Accrued salaries	$ 655,209	$ 698,489	$ 599,571
Dividends payable	623,074	401,983	623,068
Payables on equipment	389,861	301,588	329,002
Others	237,616	189,790	189,926
	$ 1,905,760	$ 1,591,850	$ 1,741,567

(10) Bonds payable

	June 30, 2026	December 31, 2025	June 30, 2025
Domestic sixth unsecured convertible corporate bonds	$ 999,800	$ 999,800	$ 999,800
Less: Discount on corporate bonds payable	(30,719)	(41,796)	(52,928)
Subtotal	969,081	958,004	946,872
Less: Current bonds payable (recognized in current portion of long-term liabilities)	(969,081)	(958,004)	-
Total	$ -	$ -	$ 946,872

The issuance of domestic sixth unsecured convertible corporate bonds by the Company, as approved by the regulatory authority:

A. The terms are as follows:

(A) The convertible corporate bonds, totaling $1,000,000, with a par value of $100 and a coupon interest rate of 0%. The convertible corporate bonds have a three-year term and are outstanding from November 15, 2024, to November 15, 2027. When the convertible corporate bonds mature, they will be repaid in cash at the face value of the bonds. The convertible corporate bonds were listed on the Taipei Exchange on November 15, 2024.

(B) The convertible corporate bondholders may at any time request the Company for conversion to their common stock from the day following the expiration of three months after the issuance date through the maturity date, except for the period of suspension of the transfer according to the regulations or decrees. The rights and obligations of the convertible corporate bondholders are the same as those of the original common stockholders.

(C) The conversion price of the convertible corporate bonds is set at $112.9 (in dollars) per share at the time of issue, and the conversion price of the convertible corporate bonds is determined according to the prescribed model stipulated in the conversion method. The conversion price will be adjusted in accordance with the formula prescribed in the conversion terms upon the occurrence of events specified under the Company's anti-dilution provisions.

(D) Within 40 days before the convertible corporate bonds are issued 2 full years, the bondholders may require the Company to redeem the convertible corporate bond in cash at 101.0025% of the face value of the bonds.

(E) When the convertible corporate bonds are issued 3 months from the next day to the first 40 days after the expiration of the issuance period, the 30 consecutive business days of the closing price of the Company's common stock exceeds (or includes) 30% of the conversion price at that time; the Company will notify the creditors within 30 business days thereafter and withdraw the outstanding bonds in cash on the basis of the day of recovery based on the bond value. When the convertible corporate bonds are issued 3 months, when the balance of the convertible corporate bond is less than 10% of the total issued in the first 40 days before the expiration of the issuance period, the Company will have to withdraw all their bonds in cash at any time thereafter based on the denomination of the bonds.

(F) As per the conversion method, all of the Company's recovered (including purchased from the Securities Merchants Business Offices), repaid or converted convertible corporate bonds will be revoked, no longer be sold or issued, and the attached conversion rights will be canceled accordingly.

B. When issuing the convertible corporate bonds, the Company will, in accordance with the International Accounting Standard No.32, separate the conversion rights of equity from the constituent elements of the liabilities, and account for the "capital surplus - stock options". The balance on June 30, 2026, was $145,593. The other is the right to buy back and sell back. According to the International Financial Reporting Standard No. 9, because of the economic characteristics of the goods that are in debt with the principal contract, the relationship between economic characteristics and risks is not closely related, so they are separated and listed as the net account of "financial assets or financial liabilities at fair value through profit or loss". The effective interest rate of the principal contract obligation after separation is 2.32%.

C. On February 25, 2026, the conversion price was adjusted to $104.1 (in dollars) per share with the approval of the Chairman.

D. As of June 30, 2026, the bonds totaling $200 had been converted into 1,801 shares of common stock.

(11) Long-term borrowings

Type of Borrowings	Borrowing Period and Repayment Terms	Interest Rate Range	Collateral	June 30,2026
Secured loans	From August 20, 2025 to August 20, 2032; interest is repayable monthly.	1.95%	Note	$ 312,500
Less: Current portion				(50,000)
				$ 262,500

Type of Borrowings	Borrowing Period and Repayment Terms	Interest Rate Range	Collateral	December 31, 2025	
Secured loans	From August 20, 2025 to August 20, 2032; interest is repayable monthly.	1.95%	Note	$	337,500
Less: Current portion				(	50,000)
				$	287,500

The Group had no such situation as of June 30, 2025.

Note: For property, plant and equipment provided by the Group as collateral as of June 30, 2026, and December 31,2025, please refer to Note 8.

(12) Other non-current liabilities

Item	June 30, 2026		December 31, 2025		June 30, 2025	
Deferred government grant income (Note)	$	111,319	$	108,279	$	99,933
Other non-current liabilities, others		98,448		94,349		85,812
Total	$	209,767	$	202,628	$	185,745

Note: This represents a cash grant provided by the local government to the Group's subsidiaries, Hubei Sunsmile Footwear Co., Ltd. and Sunny Footwear Co., Ltd., in relation to the acquisition of land use rights.

(13) Pension

A. Since November 9, 2009, the Group’s subsidiaries and branches in Taiwan have set up a defined retirement scheme according to the “Labor Pension Act,” which is applicable to employees of this nationality. The Group has paid the labor pension to 6% of the monthly salary of the labor pension system applicable to the employee's choice of the “Labor Pension Act,” the personal accounts of the Bureau of Labor Insurance, and the payment of employees' pensions are collected on the basis of the pensions of employees' personal pensions and the amount of accumulated income or by a pension. For the three months ended June 30, 2026, and 2025, the pensions recognized by the Group in accordance with the above regulations were $2,038 and $1,888, respectively. For the six months ended June 30, 2026, and 2025, the pensions recognized by the Group in accordance with the above regulations were $4,013 and $3,711, respectively.

B. In accordance with the regulations of the People's Republic of China, the Group's subsidiaries in China set aside the pension, monthly at 16% of the total local staff’s salaries. Each employee’s monthly pension is managed and arranged by the government, and the Group is solely obliged to set aside the pension. For the three months ended June 30, 2026, and 2025, the pensions recognized by the Group in accordance with the above regulations were $25,873 and $20,912, respectively. For the six months ended June 30, 2026, and 2025, the pensions recognized by the Group in accordance with the above regulations were $49,044 and $42,713, respectively.

C. The Group's subsidiaries in Vietnam are subject to the relevant local regulations. According to the local government regulations, the pension fund for employees' retirement pension is payable monthly at a certain percentage of the total wage and paid to the relevant competent authorities. The Group has no further obligation except monthly payment. For the three months ended June 30, 2026, and 2025, the pensions recognized by the Group in accordance with the above regulations were $65,932 and $53,643, respectively. For the six months ended June 30, 2026, and 2025, the pensions recognized by the Group in accordance with the above regulations were $128,377 and $108,112, respectively.

D. The Group's subsidiaries in Cambodia are subject to the relevant local regulations. According to the local government regulations, the pension fund for employees' retirement pension is payable monthly at a certain percentage of the total wage and paid to the relevant competent authorities. The Group has no further obligation except monthly payment. For the three months ended June 30, 2026, and 2025, the pensions recognized by the Group in accordance with the above regulations were $4,279 and $4,446, respectively. For the six months ended June 30, 2026, and 2025, the pensions recognized by the Group in accordance with the above regulations were $8,472 and $9,513, respectively.

E. The Group's subsidiaries in Indonesia are subject to the relevant local regulations. According to the local government regulations, the pension fund for employees' retirement pension is payable monthly at a certain percentage of the total wage and paid to the relevant competent authorities. The Group has no further obligation except monthly payment. For the three months ended June 30, 2026, and 2025, the pensions recognized by the Group in accordance with the above regulations were $1,038 and $2, respectively. For the six months ended June 30, 2026, and 2025, the pensions recognized by the Group in accordance with the above regulations were $1,737 and $2, respectively.

(14) Share-based payment

A. For the six months ended June 30, 2025, the Group’s share-based payment arrangement was as follows:

Unit：Thousand Shares

Type of Agreement	Grant Date	Quantity Granted	Contract Period	Vesting Conditions
Treasury shares sold to employees	2025.02.25	660 units	-	Vested immediately

The Group had no such situation for the six months ended June 30, 2026.

B. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Unit：NT$

Type of Agreement	Grant Date	Stock Price	Exercise Price	Expected Price Volatility (Note)	Expected Option Life	Expected Dividends	Risk-free Interest Rate	Fair Value per Unit
Treasury shares sold to employees	2025.02.25	$152	$76.02	35.78%	0.03 year	$ -	1.28%	$76.01

Note: Expected price volatility refers to the volatility of stock prices in a period of time in the future, and is estimated based on the standard deviation of stock returns in a specific period.

C. Expenses incurred on share-based payment transactions are as follows:

	For the Three Months Ended June 30, 2026	For the Three Months Ended June 30, 2025
Equity-settled	$ -	$ -

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Equity-settled	$ -	$ 50,167

(15) Share capital

A. On August 19, 2024, the Company’s Board of Directors approved to conduct a cash capital increase by issuing 10,000 thousand common shares with a par value of $10 (in dollars) per share. The capital increase was approved by the FSC on September 26, 2024. The issuance price was $76 (in dollars) per share, with the capital increase record date set on January 7, 2025. The total amount raised was $760,000, of which $625,798 and $134,202 were collected in December 2024 and January 2025, respectively.

B. As of June 30, 2026, the Company's authorized capital was $3,000,000, divided into 300 million shares, the paid-in capital was $2,009,917 with a par value of $10 (in dollars) per share.

A reconciliation of the Company’s outstanding common shares at the beginning and end of the period is as follows:

Unit: Thousand Shares

	2026	2025
January 1	200,992	190,330
Conversion of convertible bonds	-	2
Issue of shares	-	10,000
Treasury shares sold to employees	-	660
June 30	200,992	200,992

(16) Capital surplus

A. According to the Company Act, the excess of the income from the issuance of shares in excess of the par value and the capital surplus arising from donations received shall, in addition to being used to make up for the loss, be distributed in the form of new shares or cash in proportion to the original shares of the shareholders when the Company has no accumulated losses. In accordance with the relevant provisions of the Securities and Exchange Act, the above capital surplus is limited to 10% of the total amount of paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. The changes in capital surplus were as follows:

	2026					
	Share Premium	Share Options	Treasury Share Transaction	Changes in Ownership Interests in Subsidiaries	Others	Total
January 1 (same as June 30)	$ 6,414,621	$ 145,593	$ 42,757	$ 2,111	$ 546	$ 6,605,628

	2025						
	Share Premium	Share Options	Employee Share Options	Treasury Share Transaction	Changes in Ownership Interests in Subsidiaries	Others	Total
January 1	$ 5,701,321	$ 145,622	$ 55,740	$ -	$ 2,111	$ 546	$ 5,905,340
Cash capital increase	713,101	-	(55,740)	-	-	-	657,361
Conversion of convertible bonds	199	(29)	-	-	-	-	170
Share-based payments	-	-	50,167	-	-	-	50,167
Treasury shares sold to employees	-	-	(50,167)	42,757	-	-	(7,410)
June 30	$ 6,414,621	$ 145,593	$ -	$ 42,757	$ 2,111	$ 546	$ 6,605,628

(17) Retained Earnings

A. Under the Company's Articles of Association, stipulating that the Company may, at the end of each semi-fiscal year, distribute earnings in the form of stock dividends upon supermajority resolution in the shareholders' meeting or in the form of cash dividends upon the Board of Directors' resolution. The company shall not set aside not more than 3% and not less than 0.1% of the remaining earnings as directors' remuneration and less than 3% of the remaining profits as bonuses to the employees of the Company and subsidiaries. The Company shall make up the loss when company still has accumulated losses. The Company shall (1) first make up the loss over the years, set aside a legal surplus reserve at 10% of the remaining earnings until the accumulated legal surplus reserve equals the Company's paid-in capital; (2) set aside a special surplus reserve in accordance with the rules of the public offering company or at the request of the competent authority.

B. When the Company's earnings are distributed, dividends distributed to shareholders should not be less than the balance of the remaining earnings net of 20% of the amounts in the preceding (1) (2), wherein the cash dividend issued should not be less than 20% of the dividends.

C. In accordance with the Articles of Association, the Company shall not distribute dividends or assign dividends or other assignments in respect of the realized or unrealized benefits of the Company, the premium account for the issuance of shares, or other payments permitted by the Cayman Company Act; provided that the legal surplus reserve is more than 25% of paid-in capital, only the legal surplus reserve shall be accumulated as the above allocation and shall be limited to the portion of the legal surplus reserve in excess of 25% of the paid-in capital.

D. (A) When the Company distributes earnings, it should make special surplus reserve accumulated in respect of the debit balance of other equity on the balance sheet date in accordance with the provisions of the laws. When the debit balance of subsequent other equity is reversed, the amount reversed may be included in the earnings available for distribution.

(B) Upon the first application of the IFRSs, a special surplus reserve set aside in letter No. 1090150022 issued by the FSC on March 31, 2021 is to be reversed when the Company subsequently uses, disposes of or reclassifies the related assets.

E. The appropriations of earnings for 2024, which have been resolved in the shareholders' meeting on May 28, 2025, respectively, were as follows:

	For the Second Half of 2024	For the First Half of 2024
Board resolution date	February 25, 2025	December 26, 2024
Appropriation to legal reserve	$ 68,670	$ 68,977
Reversal of special reserve	($ 111,393)	($ 313,125)
Cash dividends	$ 623,069	$ 380,660
Dividends per share (NT$)	$ 3.10	$ 2.00

With respect to the appropriations of earnings for the first half of 2024, due to the Company's cash capital increase and the conversion of convertible corporate bonds, on December 26, 2024, the Board of Directors resolved to authorize the Chairman to implement the adjustment of the dividend rate for shareholders. On March 3, 2025, the dividend rate was adjusted to $1.90 (in dollars) per share.

With respect to the appropriations of earnings for the second half of 2024, due to the conversion of convertible corporate bonds, on February 25, 2025, the Board of Directors resolved to authorize the Chairman to implement the adjustment of the dividend rate for shareholders. On August 29, 2025, the dividend rate was adjusted to $3.09997 (in dollars) per share.

F. The appropriation of earnings for 2025 which have been resolved in the shareholders' meeting on May 26, 2026, respectively, were as follows:

	For the Second Half of 2025	For the First Half of 2025
Board resolution date	February 24, 2026	November 6, 2025
Appropriation to legal reserve	$ 66,113	$ 55,214
(Reversal of) appropriation to special reserve	($ 1,022,917)	$ 1,724,350
Cash dividends	$ 623,074	$ 401,983
Dividends per share (NT$)	$ 3.10	$ 2.00

Before the record date of the appropriation of interim earnings for the second half of 2025, if the number of outstanding shares is affected by the conversion of convertible corporate bonds, or other legal factors, resulting in a change in shareholders' dividends and a need for modification, it should be reported to the Board of Directors, which should authorize the Chairman to act at his/her own discretion.

G. The appropriation of earnings for the first half of 2026 which has been resolved by the Company's Board of Directors, was as follows:

	For the First Half of 2026
Board resolution date	August 18, 2026
Appropriation to legal reserve	$ 35,740
Reversal of special reserve	($ 107,764)
Cash dividends	$ 401,983
Dividends per share (NT$)	$ 2.00

Before the record date of the appropriation of interim earnings for the first half of 2026, if the number of outstanding shares is affected by the conversion of convertible corporate bonds, or other legal factors, resulting in a change in shareholders' dividends and a need for modification, it should be reported to the Board of Directors, which should authorize the Chairman to act at his/her own discretion.

For more information on the distribution of earnings resolved at the Board of Directors' meeting and shareholders' meeting, please refer to the "Market Observation Post System" ("MOPS") of Taiwan Stock Exchange Corporation.

(18) Operating revenue

	For the Three Months Ended June 30, 2026	For the Three Months Ended June 30, 2025
Revenue from contracts with customers	$ 5,258,501	$ 5,232,374

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Revenue from contracts with customers	$ 8,933,111	$ 8,899,961

A. Disaggregation of revenue from contracts with customers

	For the Three Months Ended June 30, 2026	For the Three Months Ended June 30, 2025
Domestic sales (Note)	$ 335,518	$ 296,752
Asia	465,107	472,887
Americas	1,942,377	2,186,894
Europe	2,469,633	2,217,297
Africa	8,688	19,026
Oceania	37,178	39,518
	$ 5,258,501	$ 5,232,374

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Domestic sales (Note)	$ 580,280	$ 502,550
Asia	952,627	943,472
Americas	3,166,724	3,580,096
Europe	4,147,334	3,767,651
Africa	14,891	31,092
Oceania	71,255	75,100
	$ 8,933,111	$ 8,899,961

Note: Domestic sales refer to sales in China.

B. Contract liabilities

Contract liabilities related to revenue from contracts with customers recognized by the Group were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025	January 1, 2025
Contract liabilities:				
- Advance sales receipts	$ 42,826	$ 21,388	$ 25,008	$ 29,059

Revenue recognized in the current period that was included in the contract liability balance at the beginning of the period:

	For the Three Months Ended June 30, 2026	For the Three Months Ended June 30, 2025
Revenue recognized that was included in the contract liability balance at the beginning of the period - Advance sales receipts	$ 331	$ 184

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Revenue recognized that was included in the contract liability balance at the beginning of the period - Advance sales receipts	$ 11,085	$ 19,545

C. Refund liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Refund liabilities (recognized in Other current liabilities, others)	$ -	$ 59,900	$ -

(19) Interest income

	For the Three Months Ended June 30, 2026	For the Three Months Ended June 30, 2025
Interest on bank deposits	$ 10,299	$ 19,441

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Interest on bank deposits	$ 19,506	$ 36,197

(20) Other income

	For the Three Months Ended June 30, 2026	For the Three Months Ended June 30, 2025
Government grants	$ 724	$ 1,137
Mold	12,862	11,210
Other income - others	9,418	11,480
	$ 23,004	$ 23,827

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Government grants	$ 1,710	$ 3,747
Mold	27,421	26,176
Other income - others	25,144	20,049
	$ 54,275	$ 49,972

(21) Other gains and losses

	For the Three Months Ended June 30, 2026	For the Three Months Ended June 30, 2025
Loss on disposal of property, plant and equipment	($ 82)	($ 172)
Foreign exchange loss	(48,760)	(187,917)
(Loss) gain on financial assets and liabilities measured at fair value through profit or loss	(100)	300
Other losses	(403)	(4,998)
	($ 49,345)	($ 192,787)

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Gain on disposal of property, plant and equipment	$ 1,714	$ 1,030
Foreign exchange loss	(33,026)	(166,905)
(Loss) gain on financial assets and liabilities measured at fair value through profit or loss	(1,000)	2,000
Other losses	(1,548)	(16,602)
	($ 33,860)	($ 180,477)

(22) Finance Costs

	For the Three Months Ended June 30, 2026	For the Three Months Ended June 30, 2025
Bank borrowings	$ 8,582	$ 6,581
Convertible bonds	5,585	5,457
Lease liabilities	1,847	1,924
	$ 16,014	$ 13,962

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Bank borrowings	$ 15,709	$ 11,439
Convertible bonds	11,077	10,823
Lease liabilities	3,712	4,036
Others	-	7
	$ 30,498	$ 26,305

(23) Expenses Expressed by Nature

	For the Three Months Ended June 30, 2026	For the Three Months Ended June 30, 2025
Employee benefits		
Salary	$ 1,678,423	$ 1,392,511
Labor and health insurance	47,160	37,060
Pension	99,160	80,891
Others	19,558	14,865
	1,844,301	1,525,327
Depreciation expense	223,424	223,046
Amortization expense	6,495	4,451
	$ 2,074,220	$ 1,752,824

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Employee benefits		
Salary	$ 3,013,604	$ 2,766,902
Labor and health insurance	90,700	75,375
Pension	191,643	164,051
Others	34,110	29,270
	3,330,057	3,035,598
Depreciation expense	444,114	459,655
Amortization expense	13,017	9,218
	$ 3,787,188	$ 3,504,471

A. According to the Articles of Association, the Company may allocate a surplus not exceeding 3% of the remaining surplus as the directors’ remuneration and 0.1%~3% of the remaining profits as employees’ compensation for the employees of the Company and subsidiaries.

B. The estimated employees’ compensation of the Company for the three months and six months ended June 30, 2026, and 2025 were both $5,000 and $10,000, respectively. The estimated directors’ remuneration for the same periods amounted both to $3,750 and $7,500. The above employees’ compensation and directors’remuneration were recorded as operating expenses. Such estimates were determined based on the percentages specified in the Articles of Association, taking into consideration factors such as net income after tax and the legal reserve.

The employees’, compensation and directors’ remuneration for the year ended December 31, 2025, approved by the Board of Directors are consistent with those recognized in the financial statements for the year ended December 31, 2025.

Information regarding employees’ compensation and directors’ remuneration approved by the Board of Directors is available on the MOPS.

(24) Income tax

A. Income tax expenses

Components of income tax expense:

	For the Three Months Ended June 30, 2026	For the Three Months Ended June 30, 2025
Current tax:		
Current tax on profits for the period	$ 96,705	$ 158,281
Underestimated (overestimated) income tax in prior periods	46	(153)
Total current tax	96,751	158,128
Deferred tax:		
Origination and reversal of temporary differences	(46,363)	(34,315)
Total deferred tax	(46,363)	(34,315)
Income tax expenses	$ 50,388	$ 123,813

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Current tax:		
Current tax on profits for the period	$ 206,960	$ 249,587
Underestimated income tax in prior periods	408	3,440
Total current tax	207,368	253,027
Deferred tax:		
Origination and reversal of temporary differences	(104,843)	(59,222)
Total deferred tax	(104,843)	(59,222)
Income tax expenses	$ 102,525	$ 193,805

B. The profit-seeking enterprise income tax returns of Capital Concord Enterprises Limited (H.K.), Taiwan Branch, Laya Technology Co., Ltd. and Medao Trading Co., Ltd. for the year ended December 31, 2024 have been approved by the tax authorities.

(25) Earnings per share

	For the Three Months Ended June 30, 2026		
	After-tax Amount	Weighted Average Number of Shares in Circulation (Thousand Shares)	Earnings per Share (NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 178,632	200,992	$ 0.89
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	178,632	200,992	
Effect of dilutive potential ordinary shares			
Convertible corporate bonds	5,585	9,604	
Employee compensation	-	318	
Profit attributable to ordinary shareholders of the parent plus effect of dilutive potential ordinary shares	$ 184,217	210,914	$ 0.87

	For the Three Months Ended June 30, 2025		
	After-tax Amount	Weighted Average Number of Shares in Circulation (Thousand Shares)	Earnings per Share (NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 300,475	200,992	$ 1.50
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	300,475	200,992	
Effect of dilutive potential ordinary shares			
Convertible corporate bonds	5,457	9,122	
Employee compensation	-	231	
Profit attributable to ordinary shareholders of the parent plus effect of dilutive potential ordinary shares	$ 305,932	210,345	$ 1.45

	For the Six Months Ended June 30, 2026		
	After-tax Amount	Weighted Average Number of Shares in Circulation (Thousand Shares)	Earnings per Share (NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 357,397	200,992	$ 1.78
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	357,397	200,992	
Effect of dilutive potential ordinary shares			
Convertible corporate bonds	11,077	9,604	
Employee compensation	-	375	
Profit attributable to ordinary shareholders of the parent plus effect of dilutive potential ordinary shares	$ 368,474	210,971	$ 1.75

	For the Six Months Ended June 30, 2025		
	After-tax Amount	Weighted Average Number of Shares in Circulation (Thousand Shares)	Earnings per Share (NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 552,351	200,293	$ 2.76
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	552,351	200,293	
Effect of dilutive potential ordinary shares			
Convertible corporate bonds	10,823	9,123	
Employee compensation	-	270	
Profit attributable to ordinary shareholders of the parent plus effect of dilutive potential ordinary shares	$ 563,174	209,686	$ 2.69

(26) Transactions with non-controlling interest

The Company acquired 100% of the equity interests in Medao Trading from related parties for cash consideration of $1,000 in May 2025. Medao Trading had 100 thousand shares issued in total. Please refer to Note 7 for details. For the six months ended June 30, 2025, the impact of changes in non-controlling interests on equity attributable to owners of the parent is as follows:

	For the Six Months Ended June 30, 2025
Carrying amount of non-controlling interest acquired	$ 793
Consideration paid to non-controlling interest	(1,000)
	($ 207)
Difference between proceeds on actual acquisition of equity interest in a subsidiary and its carrying amount:	
Presented as a deduction from retained earnings	($ 207)

(27) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Additions to property, plant and equipment	$ 727,179	$ 1,100,886
Less: Prepayments for equipment, beginning of period	(98,896)	(35,644)
Add: Prepayments for equipment, end of period	68,507	199,140
Add: Payables on equipment, beginning of period	301,588	218,691
Less: Payables on equipment, end of period	(389,861)	(329,002)
Cash paid during the period	$ 608,517	$ 1,154,071

B. Financing activities with no cash flow effects:

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Share capital converted from convertible corporate bonds	$ -	$ 188
Declared cash dividends not yet paid	$ 623,074	$ 623,068

(28) Changes in liabilities from financing activities

	Short-term and Long-term Borrowings (Note)	Lease Liabilities	Convertible Corporate Bonds (Note)	Dividends Payable	Total Liabilities from Financing Activities
January 1, 2026	$ 1,667,500	$ 772,771	$ 958,004	$ 401,983	$ 3,800,258
Changes in cash flows from financing activities	14,770	(20,417)	-	(401,983)	(407,630)
Changes in other non-cash items	-	3,498	11,077	623,074	637,649
Impact of changes in foreign exchange rate	17,630	5,298	-	-	22,928
June 30, 2026	$ 1,699,900	$ 761,150	$ 969,081	$ 623,074	$ 4,053,205

	Short-term Borrowings	Lease Liabilities	Convertible Corporate Bonds	Dividends Payable	Total Liabilities from Financing Activities
January 1, 2025	$ 1,510,000	$ 858,823	$ 936,237	$ 380,660	$ 3,685,720
Changes in cash flows from financing activities	350,616	(8,999)	-	(380,660)	(39,043)
Changes in other non-cash items	-	5,771	10,635	623,068	639,474
Impact of changes in foreign exchange rate	(188,316)	(111,344)	-	-	(299,660)
June 30, 2025	$ 1,672,300	$ 744,251	$ 946,872	$ 623,068	$ 3,986,491

Note: The portion due within one year is included.

7. Related Party Transactions

(1) Name of related parties and relationship

Name of the related parties	Relationship with the Group
Hui-Yi, Lin	Group Operation Vice President
Fang-Chu, Liao	Group President

(2) Significant related party transactions

Acquisition of equity interests in subsidiaries

	For the Six Months Ended June 30, 2025
	Acquisition Price
Hui-Yi, Lin	$ 600
Fang-Chu, Liao	400
Total	$ 1,000

The Group had no such situation for the six months ended June 30, 2026.

The Group's Board of Directors, on February 25, 2025, approved the acquisition of 100% equity interests in Medao Trading Co., Ltd. from related parties, please refer to Note 6 (26).

(3) Key management compensation

	For the Three Months Ended June 30, 2026	For the Three Months Ended June 30, 2025
Short-term employee benefits	$ 20,828	$ 19,285

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Short-term employee benefits	$ 39,432	$ 39,203
Share-based payments	-	50,167
Total	$ 39,432	$ 89,370

8. Pledged Assets

Assets	Book Value June 30,2026	Book Value December 31,2025	Book Value June 30,2025	Purpose of Pledge
Land	$ 587,507	$ 579,759	$ 104,750	Short-term and long-term borrowings
Buildings	207,298	207,284	138,375	Short-term and long-term borrowings
Financial assets at amortized cost (recognized in other current assets and other non-current assets)	23,125	20,439	16,842	Performance guarantee of the power supply agreement, performance bond and others
Refundable deposits (recognized in other current assets and other non-current assets)	45,111	38,474	34,205	Plants lease deposits and others
	$ 863,041	$ 845,956	$ 294,172	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	Total Contract Price		
	June 30, 2026	December 31, 2025	June 30, 2025
Property, plant and equipment	$ 1,521,309	$ 2,271,558	$ 3,549,325

	Outstanding Amount		
	June 30, 2026	December 31, 2025	June 30, 2025
Property, plant and equipment	$ 190,359	$ 384,977	$ 1,395,103

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

(1) Please refer to Note 6(17)7.

(2) On July 31, 2026, the Board of Directors of the Group's subsidiary, PT. SUN BRIGHT LESTARI, approved entering into a factory construction contract with an unrelated party to support the Group's future development and business requirements. The total contract amount is approximately US$26,774 thousand. The contract is effective from the signing date until the construction project is completed and the corresponding warranty guarantees are obtained.

12. Others

(1) Capital management

There are no significant changes in this period, please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2025.

(2) Financial instruments

A. Financial instruments by category

	June 30,2026	December 31,2025	June 30,2025
Financial assets			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss (current and non-current)	$ -	$ 1,000	$ 200
Financial assets at amortized cost/ loans and receivables			
Cash and cash equivalents	$ 1,151,463	$ 2,364,689	$ 2,037,132
Accounts receivable	4,350,324	3,751,109	4,448,571
Other receivables	454,682	349,889	399,079
Financial assets at amortized cost (current and non-current)	27,625	27,739	29,742
Refundable deposits (current and non-current)	45,111	38,474	34,205
	$ 6,029,205	$ 6,531,900	$ 6,948,729

	June 30,2026	December 31,2025	June 30,2025
Financial liabilities			
Financial liabilities at amortized cost			
Short-term borrowings	$ 1,387,400	$ 1,330,000	$ 1,672,300
Accounts payable	2,666,140	2,051,288	1,981,570
Other payables	1,905,760	1,591,850	1,741,567
Bonds payable (current and non-current)	969,081	958,004	946,872
Long-term borrowings (including current portion)	312,500	337,500	-
	$ 7,240,881	$ 6,268,642	$ 6,342,309
Lease liabilities (current and non-current)	$ 761,150	$ 772,771	$ 744,251

B. Risk management policy

(A) The Group's financial risk management objectives are to manage foreign exchange risk, interest rate risk, credit risk and liquidity risk related to its operating activities. In order to minimize the relevant financial risks, the Group strives to identify, assess, and avoid market uncertainties, so as to minimize the potential adverse effects on the financial performance of the Company.

(B) The Group's material financial activities are reviewed by the Board of Directors and the Audit Committee according to relevant regulations and the internal control system. During the implementation of the financial plan, the Group must comply with the relevant financial operations procedures in relation to the overall financial risk management and segregation of duties.

C. Significant financial risks and degrees of financial risks

(A) Market risk

Foreign exchange risk

a. The Group is a multinational operation and is exposed to exchange rate risk arising from transactions with different functional currencies by the Company and its subsidiaries, which are mainly USD and NTD. The relevant exchange rate risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

b. To avoid the decrease in foreign currency assets and future fluctuations in cash flows caused by exchange rate movements, the Group adopts natural hedging measures for foreign currency positions arising from operating activities. The Finance and Accounting Department monitors foreign exchange market movements to carefully select the timing of foreign currency settlements and adjusts the composition of foreign currency accounts in order to manage exchange rate risk.

c. The Group’s business involves the use of various non-functional currencies (the Company and some subsidiaries’ functional currency is NTD, whereas some subsidiaries’ functional currencies are RMB, USD, VND and IDR); as a consequence, it is subject to exchange rate fluctuations. Assets and liabilities that are denominated in foreign currencies and significantly affected by the exchange rate fluctuations and market risk were as follows:

June 30, 2026									
					Sensitivity Analysis				
(Foreign currency: functional currency)		Foreign Currency (in Thousands)	Exchange Rate		Book Value	Range of Change		Impact on Profit or Loss		Impact on Other Comprehensive Income
Financial assets										
Monetary items										
USD: RMB	$	79,018	6.7893	$	2,516,716	1%	$	25,167	$	-
USD: VND		57,508	0.000038		1,831,617	1%		18,316		-
Financial liabilities										
Monetary items										
NTD: USD	$	1,686,455	0.0314	$	1,686,455	1%	$	16,865	$	-

December 31, 2025										
						Sensitivity Analysis				
(Foreign currency: functional currency)		Foreign Currency (in Thousands)	Exchange Rate		Book Value	Range of Change		Impact on Profit or Loss		Impact on Other Comprehensive Income
Financial assets										
Monetary items										
USD: RMB	$	115,736	6.9909	$	3,637,574	1%	$	36,376	$	-
USD: VND		72,742	0.000038		2,286,268	1%		22,863		-
Financial liabilities										
Monetary items										
NTD: USD	$	1,772,646	0.0318	$	1,772,646	1%	$	17,726	$	-

June 30, 2025										
						Sensitivity Analysis				
(Foreign currency: functional currency)		Foreign Currency (in Thousands)	Exchange Rate		Book Value	Range of Change		Impact on Profit or Loss		Impact on Other Comprehensive Income
Financial assets										
Monetary items										
USD: RMB	$	113,552	7.1655	$	3,327,066	1%	$	33,271	$	-
USD: VND		53,856	0.000039		1,577,978	1%		15,780		-
Financial liabilities										
Monetary items										
NTD: USD	$	1,447,361	0.0341	$	1,447,361	1%	$	14,474	$	-

d. The Group's monetary items were significantly affected by exchange rate fluctuations. The total exchange losses (including realized and unrealized losses) recognized for the three months ended June 30, 2026 and 2025 were $48,760 and $187,917, respectively. For the six months ended June 30, 2026 and 2025, the total exchange losses were $33,026 and $166,905, respectively.

Cash flow and fair value interest rate risk

a. The Group's interest rate risk arises primarily from the short-term borrowings and long-term borrowings issued at floating rates, which expose the Group to the cash flow interest rate risk. For the six months ended June 30, 2026, and 2025, the Group's loans issued at floating rates were mainly denominated in NTD and USD.

b. The Group's loans are measured at amortized cost and re-priced based on the contractual interest rates, which exposes the Group to the risk of future market interest rate fluctuations.

c. If borrowing interest rate increased or decreased by 0.1%, with all other variables held constant, net income after tax for the six months ended June 30, 2026, and 2025, would have decreased or increased $680 and $669, respectively, due to the changes in interest expenses caused by the loans issued at floating rates.

(B) Credit risk

a. The Group's credit risk is primarily attributable to the Group's financial loss from customers’ or financial instruments' counterparties’ failure to fulfill contractual obligations. The main reason is that the counterparties are unable to settle the accounts receivable per payment terms.

b. Before establishing payment and delivery terms for each new customer, the Group conducts customer management and credit risk assessments in accordance with its internally defined credit policies. The internal risk control is evaluated by considering its financial situation, past experience and other factors to assess the credit quality of customers. The limits of individual risks are formulated by the Board of Directors based on internal or external ratings, and the utilization of credit line is regularly monitored. The main credit risks come from cash and cash equivalents, derivative financial instruments, deposits at banks and financial institutions, as well as credit risks from customers, including uncollected accounts receivable. For banks and financial institutions, only institutions with good credit ratings will be accepted as trading partners.

c. The Group adopts the IFRS 9 to provide the following assumptions whether the credit risk of financial instruments has increased significantly since their initial recognition:

   When the contract payments are overdue for more than 30 days according to the agreed payment terms, the credit risk is increased significantly since the financial assets are initially recognized.

d. When the credit rating of an investment target is downgraded by two notches, the Group determines that the credit risk of the investment target has increased significantly.

e. Based on the internally specified accounting policies of the Group, it is deemed as a breach of contract when the contractual payments are overdue for more than 365 days in accordance with stipulated payment terms.

f. The Group has classified customers' accounts receivable on the characteristics of customers' ratings and adopts a simplified approach to estimate expected credit loss based on the reserve matrix.

g. After recourse procedures, the Group writes off the recoverable financial assets that cannot be reasonably expected; nonetheless, the Group will continue to pursue legal remedies to protect its creditor rights. The Group had no creditors' rights that had been written off but remain subject to legal recourse as of June 30, 2026, December 31, 2025, and June 30, 2025.

h. The Group first assesses and recognizes impairment loss on individual receivables for which there is objective evidence of non-recoverability. For the remaining receivables, the Group adjusts the loss rate established on the history of certain periods and current information for prospective considerations to estimate the loss allowance for accounts receivable. The reserve matrixes as of June 30, 2026, December 31, 2025, and June 30, 2025, were as follows:

June 30, 2026	Expected Loss Rate	Total Book Value	Loss Allowance
Current	0.00%	$ 4,285,938	$ -
Overdue 0 to 90 days	0.07%	46,660	33
Overdue 91 to 180 days	1.32%	8,083	107
Overdue 181 to 365 days	4.65%	10,260	477
Over 365 days past due	100.00%	5,938	5,938
Total		$ 4,356,879	$ 6,555

December 31, 2025	Expected Loss Rate	Total Book Value	Loss Allowance
Current	0.00%	$ 3,651,530	$ -
Overdue 0 to 90 days	0.17%	99,176	165
Overdue 91 to 180 days	2.24%	581	13
Overdue 181 to 365 days	-	-	-
Over 365 days past due	100.00%	6,080	6,080
Total		$ 3,757,367	$ 6,258

June 30, 2025	Expected Loss Rate	Total Book Value	Loss Allowance
Current	0.00%	$ 4,403,102	$ -
Overdue 0 to 90 days	0.16%	45,543	74
Overdue 91 to 180 days	-	-	-
Overdue 181 to 365 days	-	-	-
Over 365 days past due	100.00%	6,687	6,687
Total		$ 4,455,332	$ 6,761

i. Changes in the loss allowance for accounts receivable using the simplified approach are stated as follows:

	2026	2025
	Accounts Receivable	Accounts Receivable
January 1	$ 6,258	$ 7,913
Allowance (reversal) of impairment loss	210	(338)
Effect of foreign exchange	87	(814)
June 30	$ 6,555	$ 6,761

(C) Liquidity risk

a. The cash flow forecast is performed by each operating entity of the Group and compiled by the Group's treasury. The Group's treasury monitors rolling forecasts of the Group’s liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.

b. The Group's treasury invests surplus cash in interest-bearing demand deposits and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the aforementioned forecasts.

c. As of June 30, 2026, December 31, 2025, and June 30, 2025, the Group had unused borrowing facilities of $12,280,717, $10,155,177, and $7,775,500, respectively.

d. The following table presents the Group's non-derivative financial liabilities, classified according to their relevant maturity dates. The non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date, while the derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the expected maturity date. The contractual cash flow amounts disclosed in the following table are undiscounted amounts.

Non-derivative financial liabilities:

June 30, 2026	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Short-term borrowings	$ 1,392,736	$ -	$ -	$ -
Accounts payable	2,666,140	-	-	-
Other payables	1,905,760	-	-	-
Bonds payable	999,800	-	-	-
Long-term borrowings (including current portion)	55,647	54,672	158,166	63,306
Lease liabilities	110,166	53,355	168,933	530,816

Non-derivative financial liabilities:

December 31, 2025	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Short-term borrowings	$ 1,331,890	$ -	$ -	$ -
Accounts payable	2,051,288	-	-	-
Other payables	1,591,850	-	-	-
Bonds payable	999,800	-	-	-
Long-term borrowings (including current portion)	56,134	55,159	159,628	89,057
Lease liabilities	104,168	52,915	168,231	557,074

Non-derivative financial liabilities:

June 30, 2025	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Short-term borrowings	$ 1,675,827	$ -	$ -	$ -
Accounts payable	1,981,570	-	-	-
Other payables	1,741,567	-	-	-
Bonds payable	-	-	999,800	-
Lease liabilities	79,823	48,406	156,078	548,415

(3) Fair value information

A. The levels of evaluation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Direct or indirect observable inputs for assets or liabilities, except for quotations in Level 1.

Level 3: Unobservable inputs for assets or liabilities. Convertible corporate bonds invested by the Group are included in Level 3.

B. Financial instruments not measured at fair value

(A) The book value of cash and cash equivalents, accounts receivable, other receivables, short-term borrowings, accounts payable, other payables and long-term borrowings (including current portion) are a reasonable approximation of their fair values (except those stated in the following table):

	June 30, 2026	
		Fair Value
	Book Value	Level 3
Bonds payable	$ 969,081	$ 973,642

	December 31, 2025	
		Fair Value
	Book Value	Level 3
Bonds payable	$ 958,004	$ 964,509

	June 30, 2025	
		Fair Value
	Book Value	Level 3
Bonds payable	$ 946,872	$ 953,443

(B) The methods and assumptions used to estimate fair value were as follows:

Convertible bonds payable: The coupon rate of convertible corporate bonds issued by the Group is similar to the market rate, so the fair value is measured at the discounted value of expected cash flows, which is equivalent to the book value.

C. The Group categorizes financial and non-financial instruments measured at fair value according to the nature, characteristics and risks of the assets and liabilities, as well as the fair value hierarchy levels. The related information is as follows:

June 30, 2026	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through profit or loss				
- Redemption right of convertible corporate bonds	$ -	$ -	$ -	$ -

December 31, 2025	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through profit or loss				
- Redemption right of convertible corporate bonds	$ -	$ -	$ 1,000	$ 1,000

June 30, 2025	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through profit or loss				
- Redemption right of convertible corporate bonds	$ -	$ -	$ 200	$ 200

D. The methods and assumptions the Group used to measure fair value were as below:

The fair value of bonds payable is measured at the present value of the expected cash flows discounted using the market interest rate as of the balance sheet date.

E. There were no transfers between Level 1 and Level 2 during the six months ended June 30, 2026, and 2025.

F. The following table shows the changes in Level 3 for the six months ended June 30, 2026, and 2025:

	2026	2025
	Embedded Derivative Instruments	Embedded Derivative Instruments
January 1	$ 1,000	($ 1,800)
(Loss) or gain recognized in profit or loss (Note)	(1,000)	2,000
June 30	$ -	$ 200

Note: Recognized in other gains and losses.

G. The Group engages an external valuation specialist to perform independent verification of the fair value of financial instruments classified within Level 3. Independent data sources are used to ensure that the valuation results reflect market conditions, and to confirm that the data sources are independent, reliable, consistent with other sources, and representative of executable prices. In addition, the valuation models are regularly calibrated, back-tested, and updated with the inputs and data required for the valuation models, and any other necessary fair value adjustments are made to ensure that the valuation results are reasonable.

H. Below states the quantitative information about the significant unobservable inputs of the valuation model used in the measurements categorized within Level 3 of the fair value hierarchy, as well as the sensitivity analysis of changes in significant unobservable inputs:

	Fair Value as of June 30, 2026	Evaluation Techniques	Significant Unobservable Inputs	Interval (Weighted Average)	Relationship of Inputs to Fair Value
Hybrid instruments:					
Redemption right of corporate bonds	$ -	Binomial tree evaluation model	Volatility	31.47%	The higher the volatility, the higher the fair value.

	Fair Value as of December 31, 2025	Evaluation Techniques	Significant Unobservable Inputs	Interval (Weighted Average)	Relationship of Inputs to Fair Value
Redemption right of corporate bonds	$ 1,000	Binomial tree evaluation model	Volatility	47.11%	The higher the volatility, the higher the fair value.

	Fair Value as of June 30, 2025	Evaluation Techniques	Significant Unobservable Inputs	Interval (Weighted Average)	Relationship of Inputs to Fair Value
Redemption right of corporate bonds	$ 200	Binomial tree evaluation model	Volatility	47.16%	The higher the volatility, the higher the fair value.

I. The evaluation models and parameters chosen by the Group after careful evaluation may lead to different results when different evaluation models or parameters are used. For financial assets and liabilities classified as Level 3, the impact of changes in evaluation parameters on current profit or loss was as follows:

			June 30, 2026	
			Recognized in Profit or Loss	
	Input Value	Change	Favorable Change	Unfavorable Change
Financial Liabilities				
Redemption right of corporate bonds	Volatility	±5%	$ -	$ -

			December 31, 2025	
			Recognized in Profit or Loss	
	Input Value	Change	Favorable Change	Unfavorable Change
Financial Liabilities				
Redemption right of corporate bonds	Volatility	±5%	$ 400	($ 200)

			June 30, 2025	
			Recognized in Profit or Loss	
	Input Value	Change	Favorable Change	Unfavorable Change
Financial Liabilities				
Redemption right of corporate bonds	Volatility	±5%	$ 400	($ 400)

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to Appendix 1.

B. Provision of endorsements and guarantees to others: Please refer to Appendix 2.

C. Holding of significant marketable securities at the end of the period (not including subsidiaries, associates, and joint ventures): None.

D. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to Appendix 3.

E. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to Appendix 4.

F. Significant inter-company transactions during the reporting period: Please refer to Appendix 5.

(2) Information on investees

Name, locations and other information of investee companies (not including investees in Mainland China): Please refer to Appendix 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to Appendix 7.

B. Significant transactions, either directly or indirectly through a third region, with investee companies in Mainland Area: Please refer to Note 13(1).

14. Segment Information

(1) General information

The principal business of the Group is the production and sale of sports and leisure outdoor shoes. The Group's Board of Directors who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment information

The Board of Directors evaluates the performance of the operating segment based on the Group's financial statements for each quarter.

(3) Reconciliation of segment revenue and profit or loss

The Group has only one reportable operating segment. There was no reconciliation, since the segment revenue and profit are reported to the financial statements by revenue and profit.

(Blank Below)

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Loans to Others
For the Six Months Ended June 30, 2026

Appendix 1

Unit: NT$ Thousand
(Unless Otherwise Specified)

No. (Note 1)	Creditor	Borrower	General Ledger Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature of Loan	Transaction Amounts	Reason For Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits	Note
													Item	Value			
1	Hubei Sunsmile Footwear Co., Ltd.	Capital Concord Enterprises Limited	Other receivables	Y	$ 629,300	$ -	$ -	1.50%	Short-term financing	$ -	Operating capital	$ -	None	$ -	$ 545,737	$ 727,649	Notes 2 ,6& 7
2	Fujian Sunshine Footwear Co., Ltd.	Capital Concord Enterprises Limited	Other receivables	Y	815,873	812,175	812,175	3.50%	Short-term financing	-	Operating capital	-	None	-	1,071,673	1,428,897	Notes 3 ,6& 7
3	Fujian Laya Outdoor Products Co., Ltd.	Capital Concord Enterprises Limited	Other receivables	Y	111,983	111,475	111,475	3.50%	Short-term financing	-	Operating capital	-	None	-	177,090	221,362	Notes 4 ,6& 7
4	Capital Concord Enterprises Limited	Sunglory Footwear Co., Ltd.	Other receivables	Y	479,925	477,750	463,217	0.00%	Short-term financing	-	Build factory	-	None	-	9,108,954	12,145,272	Notes 5 ,6& 7

Note 1: The numbers assigned to the loans provided by the Company and its subsidiaries are as follows:
(1) The issuer is numbered "0".
(2) The investee companies are numbered in order starting from "1".
Note 2: Hubei Sunsmile Footwear Co., Ltd. is engaging in the lending of funds due to the necessity of short-term financing. The aggregate amount of such lending shall not exceed 80% of the lender's net worth, and the amount to a single counterparty shall not exceed 60% of the lender's net worth.
Note 3: Fujian Sunshine Footwear Co., Ltd. is engaging in the lending of funds due to the necessity of short-term financing. The aggregate amount of such lending shall not exceed 80% of the lender's net worth, and the amount to a single counterparty shall not exceed 60% of the lender's net worth.
Note 4: Fujian Laya Outdoor Products Co., Ltd. is engaging in the lending of funds due to the necessity of short-term financing. The aggregate amount of such lending shall not exceed 100% of the lender's net worth, and the amount to a single counterparty shall not exceed 80% of the lender's net worth.
Note 5: Capital Concord Enterprises Limited is engaging in the lending of funds due to the necessity of short-term financing. The aggregate amount of such lending shall not exceed 80% of the lender's net worth, and the amount to a single counterparty shall not exceed 60% of the lender's net worth.
Note 6: In Q2 2026, the exchange rates for assets and profit or loss were USD:NTD=31.8500 and USD:NTD=31.6232, respectively.
Note 7: Offset in consolidated financial statements.

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries

Provision of Endorsements and Guarantees to Others

For the Six Months Ended June 30, 2026

Appendix 2

Unit: NT$ Thousand
(Unless Otherwise Specified)

No. (Note 1)	Endorser/ Guarantor	Party Being Endorsed/Guaranteed		Limit on Endorsements/ Guarantees Provided for a Single Party (Note 3)	Maximum Outstanding Endorsement/ Guarantee Amount for the Period	Outstanding Endorsement/ Guarantee Amount	Amount Actually Drawn	Amount of Endorsements /Guarantees Secured with Collateral	Ratio of Accumulated Endorsement/ Guarantee Amount to Net Worth of the Endorser/ Guarantor Company (%)	Ceiling on Total Amount of Endorsements/ Guarantees Provided (Note 4)	Provision of Endorsements/ Guarantees by Parent Company to Subsidiary	Provision of Endorsements/ Guarantees by Subsidiary to Parent Company	Provision of Endorsements/ Guarantees to the Parties in Mainland China	Note
		Company Name	Relation (Note 2)											
1	Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	4	$ 9,108,954	$ 477,750	$ 477,750	$ 127,400	$ -	3.51%	$ 12,145,272	Y	N	N	Notes 5 & 6

Note 1: The numbers assigned to the endorsements/guarantees provided by the Company and its subsidiaries are as follows:
(1) The issuer is numbered "0".
(2) Investee companies are numbered in order starting from "1".

Note 2: The relationship between the endorser/guarantor and the party endorsed/guaranteed is classified into the following seven categories (mark the category number only):
(1) A company with which the Company conducts business.
(2) A company in which the Company directly, and indirectly, holds more than 50% of the voting shares.
(3) A company which directly, and indirectly, holds more than 50% of the voting shares in the Company.
(4) Companies in which the Company directly, and indirectly, holds more than 90% of the voting shares.
(5) A company fulfilling its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
(6) A company where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The limit of endorsements/guarantees provided for a single party is 60% of the net worth of Capital Concord Enterprises Limited.

Note 4: The maximum amount available for endorsements/guarantees is 80% of the net worth of Capital Concord Enterprises Limited.

Note 5: The joint guarantor of the endorsement/guarantee is Lin, Wen-Chih.

Note 6: In Q2 2026, the exchange rates for assets and profit or loss were USD:NTD=31.8500 and USD:NTD=31.6232, respectively.

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Purchases or Sales of Goods from or to Related Parties Reaching $100 Million or 20% of Paid-in Capital or More
For the Six Months Ended June 30, 2026

Appendix 3

Unit NT$ thousand
(Unless Otherwise Specified)

Purchaser/Seller	Name of the Counterparty	Relationship with the Counterparty	Transaction Details				Unusual Trade Conditions and Its Reasons		Notes and Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount	Percentage of Total Purchases (Sales)	Credit Term	Unit Price	Credit Term	Balance	Percentage of Total Notes and Accounts Receivable (Payable)	
Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	Subsidiary	Purchases	$ 276,115	3.62%	180 days after purchase	Note 1	Note 1	($ 350,913)	-13.16%	Notes 2 & 3
Capital Concord Enterprises Limited	Sunny Footwear Co., Ltd.	Subsidiary	Purchases	218,720	2.87%	180 days after purchase	Note 1	Note 1	(274,569)	-10.30%	Notes 2 & 3
Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	Subsidiary	Purchases	389,239	5.11%	90 days after purchase	Note 1	Note 1	(357,950)	-13.43%	Notes 2 & 3
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiary	Purchases	1,503,780	19.74%	120 days after purchase	Note 1	Note 1	(1,467,917)	-55.06%	Notes 2 & 3
Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	Subsidiary	Purchases	1,691,207	22.20%	120 days after invoices issued	Note 1	Note 1	(1,054,988)	-39.57%	Notes 2 & 3
Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	Subsidiary	Purchases	418,793	5.50%	120 days after invoices issued	Note 1	Note 1	(533,631)	-20.02%	Notes 2 & 3
Capital Concord Enterprises Limited	Eversun Footwear Co., Ltd.	Subsidiary	Purchases	475,772	6.25%	120 days after invoices issued	Note 1	Note 1	(240,974)	-9.04%	Notes 2 & 3
Capital Concord Enterprises Limited	PT. SUN BRIGHT LESTARI	Subsidiary	Purchases	208,484	2.74%	135 days after purchase	Note 1	Note 1	(70,407)	-2.64%	Notes 2 & 3
Capital Concord Enterprises Limited (H.K.), Taiwan Branch	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiary	Purchases	116,134	1.52%	120 days after purchase	Note 1	Note 1	(121,696)	-4.56%	Notes 2 & 3
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Subsidiary	Sales	(706,683)	-7.91%	135 days after shipment	Note 1	Note 1	31,295	0.72%	Notes 2 & 3
Capital Concord Enterprises Limited	PT. SUN BRIGHT LESTARI	Subsidiary	Sales	(224,692)	-2.52%	135 days after shipment	Note 1	Note 1	16,548	0.38%	Notes 2 & 3
Fujian Laya Outdoor Products Co., Ltd.	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Sister company	Sales	(153,944)	-1.72%	90 days after shipment	Note 1	Note 1	85,917	1.97%	Notes 2 & 3
Fujian Laya Outdoor Products Co., Ltd.	PT. SUN BRIGHT LESTARI	Sister company	Sales	(140,720)	-1.58%	90 days after shipment	Note 1	Note 1	76,600	1.76%	Notes 2 & 3

Note 1: Sales transactions between the Group and related parties are valuated based on reasonable profits; thus, selling prices to related parties and those to non-related parties are incomparable. In terms of payment terms, there was no significant difference between related parties and non-related parties.
Note 2: In Q2 2026, the exchange rates for assets and profit or loss were USD:NTD=31.8500 and USD:NTD=31.6232, respectively.
Note 3: Offset in consolidated financial statements.

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Receivables from Related Parties Reaching $100 Million or 20% of Paid-in Capital or More
June 30, 2026

Appendix 4

Unit NT$ thousand
(Unless Otherwise Specified)

Creditor	Name of the Counterparty	Relationship with the Counterparty	Accounts Receivable Balance from Related Party	Turnover Rate	Overdue Receivable		Amount Collected Subsequent to the Reporting Period (Note 1)	Allowance for Bad Debt	Note
					Amount	Actions Taken			
Fujian Sunshine Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	$ 350,913	1.22	$ 72,807	Collection after reporting period	$ 85,995	$ -	Notes 2 & 3
Fujian Sunshine Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	812,175	-	-	-	-	-	Notes 2, 3& 4
Sunny Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	274,569	1.49	34,511	Collection after reporting period	47,775	-	Notes 2 & 3
Fujian Laya Outdoor Products Co., Ltd.	Capital Concord Enterprises Limited	Parent company	357,950	2.36	155,161	Collection after reporting period	93,246	-	Notes 2 & 3
Fujian Laya Outdoor Products Co., Ltd.	Capital Concord Enterprises Limited	Parent company	111,475	-	-	-	-	-	Notes 2, 3& 4
Lin Wen Chih Sunbow Enterprises Co., Ltd.	Capital Concord Enterprises Limited	Parent company	1,467,917	2.10	271,693	Collection after reporting period	368,964	-	Notes 2 & 3
Fulgent Sun Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	1,054,988	2.50	-	-	555,783	-	Notes 2 & 3
NGOC HUNG Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	533,631	1.54	197,042	Collection after reporting period	187,915	-	Notes 2 & 3
Eversun Footwear Co., Ltd.	Capital Concord Enterprises Limited	Parent company	240,974	6.00	-	-	148,103	-	Notes 2 & 3
Lin Wen Chih Sunbow Enterprises Co., Ltd.	Capital Concord Enterprises Limited (H.K.), Taiwan Branch	Parent company	121,696	2.18	31,700	Collection after reporting period	16,530	-	Notes 2 & 3
Capital Concord Enterprises Limited	Sunglory Footwear Co., Ltd.	Subsidiary	463,217	-	-	-	-	-	Notes 2, 3& 4

Note 1: The subsequent collections represent collections from the balance sheet date to August 18, 2026.
Note 2: In Q2 2026, the exchange rates for assets and profit or loss were USD:NTD=31.8500 and USD:NTD=31.6232, respectively.
Note 3: Offset in consolidated financial statements.
Note 4: This amount is in the nature of a loan; therefore, the turnover rate is not be calculated.
Note 5: This amount is in the nature of other receivables; therefore, the turnover rate is not be calculated.

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Significant inter-company transactions
For the Six Months Ended June 30, 2026

Appendix 5

Unit NT$ thousand
(Unless Otherwise Specified)

No. (Note 1)	Name of Trading Partner	Counterparty	Relationship (Note 2)	Transaction Status				
				General Ledger Account		Amount (Note 5)	Trade Terms	Percentage of Consolidated Total Operating Revenues or Total Assets (Note 3)
1	Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	1	Accounts payable	$	350,913	Note 4	1.56%
1	Capital Concord Enterprises Limited	Sunny Footwear Co., Ltd.	1	Accounts payable		274,569	Note 4	1.22%
1	Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	1	Accounts payable		357,950	Note 4	1.59%
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	1	Accounts payable		1,467,917	Note 4	6.51%
1	Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	1	Accounts payable		1,054,988	Note 4	4.68%
1	Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	1	Accounts payable		533,631	Note 4	2.37%
1	Capital Concord Enterprises Limited	Eversun Footwear Co., Ltd.	1	Accounts payable		240,974	Note 4	1.07%
1	Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	1	Other payables		812,175	Note 4	3.60%
1	Capital Concord Enterprises Limited	Sunglory Footwear Co., Ltd.	1	Other receivables		463,217	Note 4	2.06%
1	Capital Concord Enterprises Limited	Fujian Sunshine Footwear Co., Ltd.	1	Purchases		276,115	Note 4	3.09%
1	Capital Concord Enterprises Limited	Sunny Footwear Co., Ltd.	1	Purchases		218,720	Note 4	2.45%
1	Capital Concord Enterprises Limited	Fujian Laya Outdoor Products Co., Ltd.	1	Purchases		389,239	Note 4	4.36%
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	1	Purchases		1,503,780	Note 4	16.83%
1	Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	1	Purchases		1,691,207	Note 4	18.93%
1	Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	1	Purchases		418,793	Note 4	4.69%
1	Capital Concord Enterprises Limited	Eversun Footwear Co., Ltd.	1	Purchases		475,772	Note 4	5.33%
1	Capital Concord Enterprises Limited	PT. SUN BRIGHT LESTARI	1	Purchases		208,484	Note 4	2.33%
1	Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	1	Sales		706,683	Note 4	7.91%
1	Capital Concord Enterprises Limited	PT. SUN BRIGHT LESTARI	1	Sales		224,692	Note 4	2.52%
2	Fujian Laya Outdoor Products Co., Ltd.	Lin Wen Chih Sunbow Enterprises Co., Ltd.	3	Sales		153,944	Note 4	1.72%

Note 1: The numbers assigned to parent-subsidiary transactions are described as follows:
(1) The parent company is numbered "0".
(2) The subsidiaries are numbered in order starting from "1".

Note 2: Relationships are categorized into the following three types. Please specify the type. (The same transaction shall not be disclosed repetitively. For example, if the transaction between the parent company and a subsidiary has been disclosed by the parent company, it need not be disclosed by the subsidiary.)
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Inter-subsidiary.

Note 3: Regarding the percentage of the transaction amount to consolidated total revenues or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items, and on interim accumulated amount to consolidated total revenues for profit or loss items.

Note 4: Agreed on by both parties based on market conditions.

Note 5: In Q2 2026, the exchange rates for assets and profit or loss were USD:NTD=31.8500 and USD:NTD=31.6232, respectively.

Note 6: The disclosure standard is more than $150 million for the transaction amount.

Note 7: Offset in consolidated financial statements.

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Name, Locations and Other Information of Investee Companies (Not Including Investees in Mainland China)
For the Six Months Ended June 30, 2026

Appendix 6

Unit NT$ thousand
(Unless Otherwise Specified)

Investee Company	Investor Company	Place of Registration	Main Businesses	Original Investment Amount (Note 2)		Shares Held at Period End			Investee Company's Current Profit or Loss (Note 3)	Investment Gain (Loss) Recognized in the Current Period (Notes 3&4)	Note
				End of Period	End of Last Year	Number of Shares (Note 1)	Ratio	Book Value (Note 3)			
Fulgent Sun International (Holding) Co., Ltd.	Capital Concord Enterprises Limited	Hong Kong	Holding company and Sports Leisure Outdoor Footwear Sales	$ 8,432,973	$ 8,432,973	2,173,000,000	100.00	$ 15,181,590	$ 371,307	$ 371,307	Subsidiary
Fulgent Sun International (Holding) Co., Ltd.	Medao Trading Co., Ltd.	Taiwan	Import/export trading	1,000	1,000	100,000	100.00	2,237	1,011	1,011	Subsidiary
Capital Concord Enterprises Limited	Lin Wen Chih Sunbow Enterprises Co., Ltd.	Cambodia	Sports Leisure Outdoor Footwear Production and Sales	1,518,038	1,518,038	-	100.00	3,769,811	49,332	49,332	Subsidiary
Capital Concord Enterprises Limited	Lin Wen Chih Sunstone Enterprises Co., Ltd.	Cambodia	Sports Leisure Outdoor Footwear Production and Sales	445,848	445,848	-	100.00	218,888	338	338	Subsidiary
Capital Concord Enterprises Limited	Lin Wen Chih Sunzeal Enterprises Co., Ltd.	Cambodia	Sports Leisure Outdoor Footwear Production and Sales	181,266	181,266	-	100.00	156,530	(3,951)	(3,951)	Subsidiary
Capital Concord Enterprises Limited	Fulgent Sun Footwear Co., Ltd.	Vietnam	Sports Leisure Outdoor Footwear Production	2,374,115	2,282,329	-	100.00	2,841,074	18,743	18,743	Subsidiary
Capital Concord Enterprises Limited	NGOC HUNG Footwear Co., Ltd.	Vietnam	Sports Leisure Outdoor Footwear Production	1,436,219	1,433,314	-	100.00	1,249,211	(22,765)	(22,765)	Subsidiary
Capital Concord Enterprises Limited	Eversun Footwear Co., Ltd.	Vietnam	Sports Leisure Outdoor Footwear Production	1,154,305	1,154,305	-	100.00	1,231,161	39,649	39,649	Subsidiary
Capital Concord Enterprises Limited	Sunglory Footwear Co., Ltd.	Vietnam	Sports Leisure Outdoor Footwear Production and Sales	1,319,212	1,319,212	-	100.00	1,211,017	(46,236)	(46,236)	Subsidiary
Capital Concord Enterprises Limited	PT. SUN BRIGHT LESTARI	Indonesia	Sports Leisure Outdoor Footwear Production and Sales	2,483,824	2,073,708	-	100.00	2,086,109	(111,571)	(111,571)	Subsidiary
Capital Concord Enterprises Limited	Laya Technology Co., Ltd.	Taiwan	Shoes Material and Equipment Production and Sales	57,500	57,500	5,750,000	70.12	37,432	(12,202)	(1,675)	Subsidiary
Lin Wen Chih Sunbow Enterprises Co., Ltd.	Lin Wen Chih Sunlit Enterprises Co., Ltd.	Cambodia	Land lease	232,402	232,402	-	100.00	255,997	1,429	1,429	Subsidiary

Note 1: The companies with "-" indicated in the table had no shares issued.
Note 2: The historical exchange rate was adopted.
Note 3: In Q2 2026, the exchange rates for assets and profit or loss were USD:NTD=31.8500 and USD:NTD=31.6232, respectively.
Note 4: The investment gain (loss) recognized in current period is based on the financial statements audited by the parent company’s CPAs.

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Information on Investments in Mainland China
For the Six Months Ended June 30, 2026

Appendix 7

Unit NT$ thousand
(Unless Otherwise Specified)

Investee Company in China	Main Businesses	Paid-in Capital (Note 3)	Investment Method (Note 2)	Accumulated Amount Remitted from Taiwan to Mainland China, as of Beginning of the Period (Note 5)	Amount of investment Remitted or Recovered in Current Period (Note 5): Remitted to Mainland China	Amount of investment Remitted or Recovered in Current Period (Note 5): Remitted to Taiwan	Remittances from Taiwan to Mainland China, as of End of the Period (Note 5)	Investee Company's Current Profit or Loss (Note 4)	Ownership Held by the Company	Investment Gain (Loss) Recognized in Current Period (Notes 4&6)	Book Value of Investments in Mainland China, as of End of the Period (Note 4)	Accumulated Investment Income Remitted to Taiwan as of the End of the Period	Note
Fujian Sunshine Footwear Co., Ltd.	Sports Leisure Outdoor Footwear Production and Sales	$ 723,826	2	$ -	$ -	$ -	$ -	($ 190,693)	100.00	($ 189,046)	$ 1,775,953	$ -	Note 1
Hubei Sunsmile Footwear Co., Ltd.	Sports Leisure Outdoor Footwear Production and Sales	912,517	2	-	-	-	-	(38,226)	100.00	(42,101)	910,936	-	-
Sunny Footwear Co., Ltd.	Sports Leisure Outdoor Footwear Production and Sales	130,680	2	-	-	-	-	(8,743)	100.00	(8,743)	422,292	-	-
Fujian Laya Outdoor Products Co., Ltd.	Import/export trading	40,656	2	-	-	-	-	7,866	100.00	8,437	211,266	-	-

Note 1: Fujian Sunshine Footwear Co., Ltd. had merged Hang Cheng Company and Yue Chen Company with the approval of the local competent authority on May 17, 2011. The initial investment amount included the original investment of US$4,000 thousand (equivalent to $120,000 thousand) in Hang Cheng Company and Yue Chen Company.

Note 2: Investment methods are classified into the following three categories (fill in the category number):

(1) Investment in Mainland China companies by remittance through a third region;

(2) Investment in Mainland China companies through a company established in a third region; or

(3) Investment in Mainland China companies through an existing investee company in a third region.

Note 3: The historical exchange rate was adopted.

Note 4: In Q2 2026, the exchange rates for assets and profit or loss were USD:NTD=31.8500 and USD:NTD=31.6232, respectively.

Note 5: The Company was established in the Cayman Islands and is not subject to the investment limits prescribed under the “Principles for Conducting Investment or Technical Cooperation” of the Ministry of Economic Affairs.
The Group made the investment through the transfer of funds via Hong Kong, amounting to $1,653,310 thousand.

Note 6: The investment gain (loss) recognized in current period is based on the financial statements audited by the parent company’s CPAs.