

**FORMOSA TAFFETA CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2024 AND 2023**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Formosa Taffeta Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Formosa Taffeta Co., Ltd. and subsidiaries (the "Group") as at March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these 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" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Notes 4(3) and 6(7), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using the equity method were not reviewed by independent auditors. Those statements reflect total assets (including investments accounted for using the equity method) of NT\$16,543,996 thousand and NT\$16,815,345 thousand, constituting 24% and 22% of the consolidated total assets, and total liabilities of NT\$3,726,838 thousand and NT\$3,698,573 thousand, constituting 21% and 18% of the consolidated total liabilities as at March 31, 2024 and 2023, respectively, and total comprehensive loss (including share of profit of associates accounted for using the equity method and share of profit of associates and other comprehensive income of associates) amounting to (NT\$74,994) thousand and (NT\$26,716) thousand, constituting 2% and (1%) of the total comprehensive income for the three months then ended, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come

to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three 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” as endorsed by the Financial Supervisory Commission.

Juanlu, Man-Yu

Hsu, Sheng-Chung

For and on Behalf of PricewaterhouseCoopers, Taiwan

May 7, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2024, DECEMBER 31, 2023, MARCH 31, 2023 AND JANUARY 1, 2023
(Expressed in thousands of New Taiwan dollars)

| | Assets | Notes | March 31, 2024 | | (As restated) December 31, 2023 | | (As restated) March 31, 2023 | | (As restated) January 1, 2023 | |
|-------------------------------|---|-------------|----------------------|------------|------------------------------------|------------|---------------------------------|------------|----------------------------------|------------|
| | | | AMOUNT | % | AMOUNT | % | AMOUNT | % | AMOUNT | % |
| 1100 | Current assets | | | | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 4,060,807 | 6 | \$ 4,241,157 | 6 | \$ 5,435,842 | 7 | \$ 5,477,800 | 7 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) | - | - | - | - | 98 | - | - | - |
| 1120 | Current financial assets at fair value through other comprehensive income | 6(3) | 1,017,009 | 2 | 1,113,183 | 2 | 1,237,949 | 2 | 1,225,249 | 2 |
| 1136 | Current financial assets at amortized cost | 6(4) | 200,439 | - | 112,616 | - | - | - | 113,122 | - |
| 1150 | Notes receivable, net | 6(5) | 38,388 | - | 57,123 | - | 54,455 | - | 72,548 | - |
| 1160 | Notes receivable - related parties | 7 | 18,094 | - | 5,930 | - | 16,975 | - | 8,147 | - |
| 1170 | Accounts receivable, net | 6(5) | 2,757,765 | 4 | 2,052,898 | 3 | 2,579,645 | 3 | 2,691,404 | 4 |
| 1180 | Accounts receivable - related parties | 7 | 273,960 | - | 165,150 | - | 262,668 | - | 216,868 | - |
| 1200 | Other receivables | 7 | 436,436 | 1 | 235,943 | - | 269,086 | - | 322,665 | - |
| 130X | Inventory | 6(6) | 7,602,749 | 11 | 7,857,822 | 11 | 8,894,470 | 12 | 9,510,710 | 13 |
| 1410 | Prepayments | | 419,809 | 1 | 456,686 | 1 | 375,009 | 1 | 391,733 | 1 |
| 1470 | Other current assets | | 174,670 | - | 180,912 | - | 173,398 | - | 179,359 | - |
| 11XX | Total current assets | | <u>17,000,126</u> | <u>25</u> | <u>16,479,420</u> | <u>23</u> | <u>19,299,595</u> | <u>25</u> | <u>20,209,605</u> | <u>27</u> |
| 1517 | Non-current assets | | | | | | | | | |
| 1517 | Non-current financial assets at fair value through other comprehensive income | 6(3) | 28,823,208 | 42 | 32,750,338 | 46 | 34,085,708 | 45 | 32,135,448 | 43 |
| 1535 | Non-current financial assets at amortised cost | 6(4) | 766,498 | 1 | 737,706 | 1 | 44,318 | - | 44,092 | - |
| 1550 | Investments accounted for using the equity method | 6(7) | 8,845,119 | 13 | 8,964,468 | 12 | 9,613,995 | 13 | 9,621,779 | 13 |
| 1600 | Property, plant and equipment | 6(8) and 8 | 10,806,933 | 16 | 10,888,643 | 15 | 11,387,373 | 15 | 11,529,353 | 15 |
| 1755 | Right-of-use assets | 6(9) | 1,147,261 | 2 | 1,116,643 | 2 | 1,117,274 | 1 | 1,108,999 | 1 |
| 1760 | Investment property, net | 6(10) | 512,221 | 1 | 517,243 | 1 | 543,817 | 1 | 551,629 | 1 |
| 1840 | Deferred income tax assets | | 94,608 | - | 108,521 | - | 85,802 | - | 102,189 | - |
| 1900 | Other non-current assets | | 133,946 | - | 101,800 | - | 85,705 | - | 106,741 | - |
| 15XX | Total non-current assets | | <u>51,129,794</u> | <u>75</u> | <u>55,185,362</u> | <u>77</u> | <u>56,963,992</u> | <u>75</u> | <u>55,200,230</u> | <u>73</u> |
| 1XXX | Total assets | | <u>\$ 68,129,920</u> | <u>100</u> | <u>\$ 71,664,782</u> | <u>100</u> | <u>\$ 76,263,587</u> | <u>100</u> | <u>\$ 75,409,835</u> | <u>100</u> |
| Liabilities and Equity | | | | | | | | | | |
| 2100 | Current liabilities | | | | | | | | | |
| 2100 | Short-term borrowings | 6(11) and 8 | \$ 2,582,765 | 4 | \$ 2,251,094 | 3 | \$ 2,674,312 | 4 | \$ 3,035,088 | 4 |
| 2110 | Short-term notes and bills payable | 6(12) | - | - | - | - | 1,129,477 | 1 | 1,299,227 | 2 |
| 2120 | Financial liabilities at fair value through profit or loss - current | 6(13) | - | - | 479 | - | - | - | 2,826 | - |
| 2150 | Notes payable | | 185,649 | - | 123,448 | - | 54,299 | - | 160,641 | - |
| 2160 | Notes payable - related parties | 7 | 92,066 | - | 122,578 | - | 40,946 | - | 186,804 | - |
| 2170 | Accounts payable | | 827,995 | 1 | 689,330 | 1 | 660,293 | 1 | 900,287 | 1 |
| 2180 | Accounts payable - related parties | 7 | 804,270 | 1 | 840,061 | 1 | 847,619 | 1 | 1,070,847 | 1 |
| 2200 | Other payables | 6(14) and 7 | 1,611,030 | 3 | 1,070,454 | 2 | 3,608,882 | 5 | 1,126,487 | 2 |
| 2230 | Current income tax liabilities | | 63,880 | - | 55,562 | - | 330,150 | - | 324,210 | - |

(Continued)

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2024, DECEMBER 31, 2023, MARCH 31, 2023 AND JANUARY 1, 2023
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | | Notes | March 31, 2024 | | (As restated) December 31, 2023 | | (As restated) March 31, 2023 | | (As restated) January 1, 2023 | |
|------------------------|--|-------|----------------------|------------|------------------------------------|------------|---------------------------------|------------|----------------------------------|------------|
| | | | AMOUNT | % | AMOUNT | % | AMOUNT | % | AMOUNT | % |
| 2280 | Current lease liabilities | | \$ 159,173 | - | \$ 155,278 | - | \$ 146,323 | - | \$ 141,747 | - |
| 2399 | Other current liabilities | | 458,298 | 1 | 367,709 | 1 | 434,742 | 1 | 385,601 | 1 |
| 21XX | Total current liabilities | | <u>6,785,126</u> | <u>10</u> | <u>5,675,993</u> | <u>8</u> | <u>9,927,043</u> | <u>13</u> | <u>8,633,765</u> | <u>11</u> |
| | Non-current liabilities | | | | | | | | | |
| 2540 | Long-term borrowings | 6(15) | 9,900,000 | 15 | 10,400,000 | 15 | 9,600,000 | 13 | 9,600,000 | 13 |
| 2570 | Deferred income tax liabilities | | 336,374 | - | 325,778 | - | 325,310 | - | 325,309 | - |
| 2580 | Non-current lease liabilities | | 787,683 | 1 | 761,491 | 1 | 758,662 | 1 | 752,771 | 1 |
| 2600 | Other non-current liabilities | | 136,992 | - | 149,548 | - | 322,717 | - | 330,775 | 1 |
| 25XX | Total non-current liabilities | | <u>11,161,049</u> | <u>16</u> | <u>11,636,817</u> | <u>16</u> | <u>11,006,689</u> | <u>14</u> | <u>11,008,855</u> | <u>15</u> |
| 2XXX | Total liabilities | | <u>17,946,175</u> | <u>26</u> | <u>17,312,810</u> | <u>24</u> | <u>20,933,732</u> | <u>27</u> | <u>19,642,620</u> | <u>26</u> |
| | Equity attributable to owners of parent | | | | | | | | | |
| | Share capital | 6(17) | | | | | | | | |
| 3110 | Common stock | | 16,846,646 | 25 | 16,846,646 | 23 | 16,846,646 | 22 | 16,846,646 | 22 |
| | Capital surplus | 6(18) | | | | | | | | |
| 3200 | Capital surplus | | 1,343,057 | 2 | 1,340,129 | 2 | 1,333,308 | 2 | 1,338,658 | 2 |
| | Retained earnings | 6(19) | | | | | | | | |
| 3310 | Legal reserve | | 9,318,813 | 14 | 9,318,813 | 13 | 8,974,316 | 12 | 8,974,316 | 12 |
| 3320 | Special reserve | | 2,214,578 | 3 | 2,214,578 | 3 | 2,214,578 | 3 | 2,214,578 | 3 |
| 3350 | Unappropriated retained earnings | | 7,497,318 | 11 | 7,756,015 | 11 | 7,462,648 | 10 | 9,908,042 | 13 |
| | Other equity interest | 6(20) | | | | | | | | |
| 3400 | Other equity interest | | 12,982,397 | 19 | 16,894,855 | 24 | 18,517,423 | 24 | 16,504,039 | 22 |
| 3500 | Treasury stocks | 6(17) | (19,064) | - | (19,064) | - | (19,064) | - | (19,064) | - |
| 31XX | Equity attributable to owners of the parent | | <u>50,183,745</u> | <u>74</u> | <u>54,351,972</u> | <u>76</u> | <u>55,329,855</u> | <u>73</u> | <u>55,767,215</u> | <u>74</u> |
| 3XXX | Total equity | | <u>50,183,745</u> | <u>74</u> | <u>54,351,972</u> | <u>76</u> | <u>55,329,855</u> | <u>73</u> | <u>55,767,215</u> | <u>74</u> |
| | Significant contingent liabilities and unrecognized contract commitments | 9 | | | | | | | | |
| | Significant event after the balance sheet date | 11 | | | | | | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 68,129,920</u> | <u>100</u> | <u>\$ 71,664,782</u> | <u>100</u> | <u>\$ 76,263,587</u> | <u>100</u> | <u>\$ 75,409,835</u> | <u>100</u> |

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

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

| | | | Three months ended March 31 | | | |
|------|--|--------------------|-----------------------------|-------|--------------|-------|
| | | | 2024 | | 2023 | |
| | Items | Notes | AMOUNT | % | AMOUNT | % |
| 4000 | Sales revenue | 6(21) and 7 | \$ 7,169,831 | 100 | \$ 7,652,703 | 100 |
| 5000 | Operating costs | 6(6)(25)(26) and 7 | (6,402,865) | (89) | (6,850,181) | (89) |
| 5900 | Net operating margin | | 766,966 | 11 | 802,522 | 11 |
| | Operating expenses | 6(25)(26) and 7 | | | | |
| 6100 | Selling expenses | | (400,313) | (6) | (393,698) | (5) |
| 6200 | General and administrative expenses | | (184,469) | (2) | (184,656) | (3) |
| 6000 | Total operating expenses | | (584,782) | (8) | (578,354) | (8) |
| 6900 | Operating profit | | 182,184 | 3 | 224,168 | 3 |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(22) | 24,249 | - | 38,694 | 1 |
| 7010 | Other income | 6(23) | 65,108 | 1 | 55,579 | 1 |
| 7020 | Other gains and losses | 6(24) | 79,954 | 1 | (61,114) | (1) |
| 7050 | Finance costs | 6(27) | (89,619) | (1) | (88,299) | (1) |
| 7060 | Share of loss of associates and joint ventures accounted for using the equity method | 6(7) | (14,629) | - | (46,351) | (1) |
| 7000 | Total non-operating income and expenses | | 65,063 | 1 | (101,491) | (1) |
| 7900 | Profit before income tax | | 247,247 | 4 | 122,677 | 2 |
| 7950 | Income tax expense | 6(28) | (67,931) | (1) | (41,074) | (1) |
| 8200 | Profit for the period | | \$ 179,316 | 3 | \$ 81,603 | 1 |

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FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

| | | Three months ended March 31 | | | |
|--|-------|-----------------------------|------------------|-------------------|------------------|
| | | 2024 | | 2023 | |
| Items | Notes | AMOUNT | % | AMOUNT | % |
| Other comprehensive income | 6(20) | | | | |
| Components of other comprehensive income that will not be reclassified to profit or loss | | | | | |
| 8316 Unrealized gain or loss on valuation of financial assets at fair value through other comprehensive income | | (\$ 4,023,304) | (56) | \$ 1,962,960 | 25 |
| 8320 Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method | | (96,101) | (2) | 49,957 | 1 |
| 8310 Other comprehensive (loss) income that will not be reclassified to profit or loss | | (4,119,405) | (58) | 2,012,917 | 26 |
| Components of other comprehensive income that will be reclassified to profit or loss | | | | | |
| 8361 Financial statements translation differences of foreign operations | | 129,528 | 2 | (456) | - |
| 8370 Share of other comprehensive income of associates and joint ventures accounted for using the equity method | | 77,419 | 1 | 923 | - |
| 8360 Other comprehensive income that will be reclassified to profit or loss | | 206,947 | 3 | 467 | - |
| 8300 Total other comprehensive (loss) income for the period | | (\$ 3,912,458) | (55) | \$ 2,013,384 | 26 |
| 8500 Total comprehensive (loss) income for the period | | (\$ 3,733,142) | (52) | \$ 2,094,987 | 27 |
| Profit attributable to: | | | | | |
| 8610 Owners of the parent | | \$ 179,316 | 3 | \$ 81,603 | 1 |
| 8620 Non-controlling interest | | - | - | - | - |
| | | \$ 179,316 | 3 | \$ 81,603 | 1 |
| Comprehensive (loss) income attributable to: | | | | | |
| 8710 Owners of the parent | | (\$ 3,733,142) | (52) | \$ 2,094,987 | 27 |
| 8720 Non-controlling interest | | - | - | - | - |
| | | (\$ 3,733,142) | (52) | \$ 2,094,987 | 27 |
| | | <u>Before Tax</u> | <u>After Tax</u> | <u>Before Tax</u> | <u>After Tax</u> |
| Basic and diluted earnings per share (in dollars) | 6(29) | | | | |
| Profit attributable to common shareholders of the parent | | \$ 0.13 | \$ 0.11 | \$ 0.06 | \$ 0.05 |
| Assuming shares held by subsidiaries are not deemed as treasury stock: | | | | | |
| Profit attributable to common shareholders of the parent | | \$ 0.13 | \$ 0.11 | \$ 0.06 | \$ 0.05 |

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

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| | | Equity attributable to owners of the parent | | | | | | | | |
|--|--|---|-----------------|---------------|-----------------|-------------------------------------|--|--|-----------------|---------------|
| | | Retained Earnings | | | | | Other Equity Interest | | | |
| | | Share capital - common stock | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Financial statements translation differences of foreign operations | Unrealised gains from financial assets measured at fair value through other | Treasury stocks | Total equity |
| Notes | | | | | | | | comprehensive income | | |
| <u>Three months ended March 31, 2023</u> | | | | | | | | | | |
| Balance at January 1, 2023 | | \$ 16,846,646 | \$ 1,338,658 | \$ 8,974,316 | \$ 2,214,578 | \$ 9,908,042 | (\$ 805,905) | \$ 17,309,944 | (\$ 19,064) | \$ 55,767,215 |
| Profit for the period | | - | - | - | - | 81,603 | - | - | - | 81,603 |
| Other comprehensive income | | - | - | - | - | - | 467 | 2,012,917 | - | 2,013,384 |
| Total comprehensive income | | - | - | - | - | 81,603 | 467 | 2,012,917 | - | 2,094,987 |
| Appropriation of 2022 earnings | | 6(19) | | | | | | | | |
| Cash dividends | | - | - | - | - | (2,526,997) | - | - | - | (2,526,997) |
| Paid expired cash dividends transferred to capital surplus | | 6(18) | (2) | - | - | - | - | - | - | (2) |
| Change in the net interest of associates accounted for using the equity method | | 6(18) | (5,348) | - | - | - | - | - | - | (5,348) |
| Balance at March 31, 2023 | | \$ 16,846,646 | \$ 1,333,308 | \$ 8,974,316 | \$ 2,214,578 | \$ 7,462,648 | (\$ 805,438) | \$ 19,322,861 | (\$ 19,064) | \$ 55,329,855 |
| <u>Three months ended March 31, 2024</u> | | | | | | | | | | |
| Balance at January 1, 2024 | | \$ 16,846,646 | \$ 1,340,129 | \$ 9,318,813 | \$ 2,214,578 | \$ 7,756,015 | (\$ 913,220) | \$ 17,808,075 | (\$ 19,064) | \$ 54,351,972 |
| Profit for the period | | - | - | - | - | 179,316 | - | - | - | 179,316 |
| Other comprehensive income (loss) | | - | - | - | - | - | 206,947 | (4,119,405) | - | (3,912,458) |
| Total comprehensive income (loss) | | - | - | - | - | 179,316 | 206,947 | (4,119,405) | - | (3,733,142) |
| Appropriation of 2023 earnings | | 6(19) | | | | | | | | |
| Cash dividends | | - | - | - | - | (438,013) | - | - | - | (438,013) |
| Paid expired cash dividends transferred to capital surplus | | 6(18) | (23) | - | - | - | - | - | - | (23) |
| Change in the net interest of associates accounted for using the equity method | | 6(18) | 2,951 | - | - | - | - | - | - | 2,951 |
| Balance at March 31, 2024 | | \$ 16,846,646 | \$ 1,343,057 | \$ 9,318,813 | \$ 2,214,578 | \$ 7,497,318 | (\$ 706,273) | \$ 13,688,670 | (\$ 19,064) | \$ 50,183,745 |

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

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| | | Three months ended March 31 | |
|--|-----------------|-----------------------------|--------------------|
| | Notes | 2024 | 2023 (As restated) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | \$ 247,247 | \$ 122,677 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation | 6(8)(9)(10)(25) | 351,582 | 346,268 |
| Interest expense | 6(9)(27) | 89,619 | 88,299 |
| Interest income | 6(22) | (24,249) | (38,694) |
| Dividend income | 6(23) | (5,760) | (4,320) |
| Gain on valuation of financial assets | 6(2)(24) | - | (98) |
| Gain on valuation of financial liabilities | 6(13)(24) | (479) | (2,826) |
| Share of profit of associates and joint ventures accounted for using the equity method | 6(7) | 14,629 | 46,351 |
| Gain on disposal and scrap of property, plant and equipment | 6(24) | (18,799) | (3,964) |
| Impairment gain and reversal of real estate impairment loss | 6(24) | (77,316) | - |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Notes receivable, net | | 18,735 | 18,093 |
| Notes receivable - related parties | (| 12,164) | (8,828) |
| Accounts receivable , net | (| 705,747) | 111,663 |
| Accounts receivable - related parties | (| 108,810) | (45,800) |
| Other receivables | (| 196,892) | 63,566 |
| Inventory | | 255,073 | 616,240 |
| Prepayments | | 65,755 | (2,526) |
| Other current assets | | 6,242 | 5,960 |
| Changes in operating liabilities | | | |
| Notes payable | | 62,201 | (106,342) |
| Notes payable - related parties | (| 30,512) | (145,858) |
| Accounts payable | | 138,665 | (239,994) |
| Accounts payable - related parties | (| 35,791) | (223,228) |
| Other payables | | 76,581 | (9,697) |
| Other current liabilities | | 90,589 | 49,142 |
| Other non-current liabilities | (| 12,556) | (8,058) |
| Cash inflow generated from operations | | 187,843 | 628,026 |
| Interest received | | 28,134 | 36,128 |
| Interest paid | (| 77,811) | (77,622) |
| Income tax paid | (| 36,830) | (21,867) |
| Net cash flows from operating activities | | 101,336 | 564,665 |

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FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| | Notes | Three months ended March 31 | |
|---|-------|-----------------------------|--------------------|
| | | 2024 | 2023 (As restated) |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| (Increase) decrease in financial assets at amortized cost | | (\$ 116,615) | \$ 113,122 |
| Acquisition of property, plant and equipment | 6(30) | (278,398) | (192,737) |
| Proceeds from disposal of property, plant and equipment | | 250,548 | 13,465 |
| (Increase) decrease in other non-current assets | | (23,998) | 19,402 |
| Guarantee deposits (paid) received | | (8,148) | 1,634 |
| Net cash flows used in investing activities | | (176,611) | (45,114) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Increase (decrease) in short-term borrowings | 6(31) | 331,671 | (360,776) |
| Decrease in short-term notes and bills payable | 6(31) | - | (169,750) |
| Increase in long-term borrowings | | 2,000,000 | 1,800,000 |
| Payment of long-term borrowings | | (2,500,000) | (1,800,000) |
| Payment of lease principal | 6(31) | (46,049) | (40,133) |
| Expired cash dividends paid | | (23) | - |
| Cash dividends paid | | (57) | (2) |
| Net cash flows used in financing activities | | (214,458) | (570,661) |
| Effect of foreign exchange rate | | 109,383 | 9,152 |
| Net decrease in cash and cash equivalents | | (180,350) | (41,958) |
| Cash and cash equivalents at beginning of period | 6(1) | 4,241,157 | 5,477,800 |
| Cash and cash equivalents at end of period | 6(1) | \$ 4,060,807 | \$ 5,435,842 |

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

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

(1) Formosa Taffeta Co., Ltd. (the “Company”) was incorporated on April 19, 1973 under the provisions of the Company Law of the Republic of China (R.O.C.). Factories were established in Douliou City of Yulin County, R.O.C. On December 24, 1985, the Company’s common stock was officially listed on the Taiwan Stock Exchange. The major operations of the Company’s various departments are as follows:

| <u>Business departments</u> | <u>Major activities</u> |
|---|---|
| Primary department: Fabrics, dyeing and others | Amine fabrics, polyester fabrics, cotton fabrics, blending fabrics and umbrella ribs |
| Secondary department: Cord fabrics, petroleum | Cord, plastic bags, refineries for gasoline, diesel, crude oil and the related petroleum products, cotton fibers, blending fibers and protection fibers |

(2) Formosa Chemicals & Fiber Corp. has significant control over the Company since Formosa Chemicals & Fiber Corp. holds over half of the Board seats after the stockholders’ meeting on June 27, 2008. Since June 27, 2008, Formosa Chemicals & Fiber Corp. became the Company’s parent company and accordingly, the Company and its subsidiaries are included in its consolidated financial statements.

(3) As of March 31, 2024, the Company and its subsidiaries (collectively referred herein as the “Group”) had 7,204 employees.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on May 7, 2024.

3. APPLICATION OF 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 2024 are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|--|--|
| Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’ | January 1, 2024 |
| Amendments to IAS 1, ‘Classification of liabilities as current or non-current’ | January 1, 2024 |
| Amendments to IAS 1, ‘Non-current liabilities with covenants’ | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’ | January 1, 2024 |
| 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

None.

(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 International Accounting Standards Board |
|---|--|
| 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 International Accounting Standards Board |
| 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 |
| Amendments to IAS 21, ‘Lack of exchangeability’ | January 1, 2025 |

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 adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The 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 are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

- A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment 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:
 - (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed.

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | | | Description |
|---------------------------|---------------------------------------|--|-------------------|----------------------|-------------------|-------------|
| | | | March 31, 2024 | December 31, 2023 | March 31, 2023 | |
| Formosa Taffeta Co., Ltd. | Formosa Development Co., Ltd. | Urban land consolidation, development and rent and sale of residential and buildings, and development of new community and specialised zones | 100 | 100 | 100 | Note |
| Formosa Taffeta Co., Ltd. | Formosa Taffeta Vietnam Co., Ltd. | Manufacturing, processing, supply and marketing of yarn, knitted fabric, dyeing and finishing, carpets, curtains and cleaning supplies | 100 | 100 | 100 | Note |
| Formosa Taffeta Co., Ltd. | Formosa Taffeta (Hong Kong) Co., Ltd. | Sale of nylon and polyamine goods | 100 | 100 | 100 | Note |
| Formosa Taffeta Co., Ltd. | Formosa Taffeta (Dong Nai) Co., Ltd. | Manufacturing of nylon and polyester filament products | 100 | 100 | 100 | Note |

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | | | Description |
|---------------------------------------|---------------------------------------|--|-------------------|----------------------|-------------------|-------------|
| | | | March 31, 2024 | December 31, 2023 | March 31, 2023 | |
| Formosa Taffeta (Hong Kong) Co., Ltd. | Formosa Taffeta (Changshu) Co., Ltd. | Manufacturing and processing fabric of nylon filament knitted cloth, weaving and dyeing as well as post processing of knitted fabric | 100 | 100 | 100 | Note |
| Formosa Taffeta (Hong Kong) Co., Ltd. | Formosa Taffeta (Zhong Shan) Co, Ltd. | Manufacturing of nylon and polyester filament greige cloth, coloured cloth, printed cloth and textured processing yarn products | 100 | 100 | 100 | Note |
| Formosa Development Co., Ltd. | Public More Internation Company Ltd. | Employment service, manpower allocation and agency service etc. | 100 | 100 | 100 | Note |

Note : The financial statements of the entity as of and for the three months ended March 31, 2024 and 2023 were not reviewed by independent auditors as the entity did not meet the definition of significant subsidiary.

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) Reasons and impacts for reclassification of certain financial statements accounts

A. Nature and reasons for reclassification:

The Group originally applied the “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act” on March 31, 2023 and January 1, 2023. The funds repatriated under the regulations were deposited in a special account in the amount of USD 8,422 thousand (equivalent to \$256,461) and USD 8,426 thousand (equivalent to \$261,259), as its usage is restricted by regulations and does not comply with IAS 7, “Statement of Cash Flows” definition of cash and cash equivalents, therefore it was classified as other financial assets. However, based on the amended IFRSs Q&A by the competent authority on January 5, 2024, the regulations’ restrictions on the use of the aforementioned funds do not change the nature of the deposit, therefore the deposit should still be reported as cash and cash equivalent. In accordance with the above regulations, the Group reclassified the unused amount of deposit to cash and cash equivalent.

B. Amounts reclassified for each item or category of items:

CONSOLIDATED BALANCE SHEETS

March 31, 2024

| Affected accounts | As reported | Reclassification adjustment | As restated |
|---------------------------|--------------|--------------------------------|--------------|
| Cash and cash equivalents | \$ 5,179,381 | \$ 256,461 | \$ 5,435,842 |
| Other non-current assets | 342,166 | (256,461) | 85,705 |

January 1, 2023

| Affected accounts | As reported | Reclassification adjustment | As restated |
|---------------------------|--------------|--------------------------------|--------------|
| Cash and cash equivalents | \$ 5,216,541 | \$ 261,259 | \$ 5,477,800 |
| Other non-current assets | 368,000 | (261,259) | 106,741 |

CONSOLIDATED STATEMENTS OF CASH FLOWS

Three months ended

March 31, 2023

| Affected accounts | As reported | Reclassification adjustment | As restated |
|--|-------------|--------------------------------|-------------|
| Decrease in non-current assets | \$ 24,200 | (\$ 4,798) | \$ 19,402 |
| Net increase in cash and cash equivalents | (37,160) | (4,798) | (41,958) |
| Cash and cash equivalents at beginning of period | 5,216,541 | 261,259 | 5,477,800 |
| Cash and cash equivalents at beginning of period | 5,179,381 | 256,461 | 5,435,842 |

(5) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is

calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.
- iv. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(6) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognized directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carry forward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.
- G. 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

There was no significant change during this period. Refer to Note 5 to the consolidated financial statements as of and for the year ended December 31, 2023 for related information.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> |
|---------------------------------------|-----------------------|--------------------------|
| Cash on hand and petty cash | \$ 106,725 | \$ 104,235 |
| Checking accounts and demand deposits | 2,176,559 | 1,830,691 |
| Time deposits | 759,026 | 1,837,935 |
| Commercial paper | 1,018,497 | 468,296 |
| | <u>\$ 4,060,807</u> | <u>\$ 4,241,157</u> |
| | <u>March 31, 2023</u> | <u>January 1, 2023</u> |
| Cash on hand and petty cash | \$ 77,609 | \$ 100,238 |
| Checking accounts and demand deposits | 1,690,082 | 2,032,763 |
| Time deposits | 3,088,447 | 2,916,965 |
| Commercial paper | 579,704 | 427,834 |
| | <u>\$ 5,435,842</u> | <u>\$ 5,477,800</u> |

- A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The range of time deposit rates on March 31, 2024, December 31, 2023 and March 31, 2023 are 1.75%~5.5%, 5.58%~5.77%, and 1.75%~9.90%, respectively.
- C. The range of commercial paper rates as of March 31, 2024, December 31, 2023 and March 31, 2023 are 1.06%~1.12%, 1.05%~1.08% and 0.92%~1.03%, respectively.
- D. The Group repatriates the offshore fund by adopting “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act”, and the amount was USD 8,426 thousand, of which USD 3,004 thousand has been spent in 2023. The amount as at March 31, 2024 is USD 5,422 thousand and equivalent to \$173,516. Although the Act restricts the usage of the fund, based on the amended IFRSs Q&A by the competent authority on January 5, 2024, the Act’s restrictions on the usage of the fund does not change the nature of the deposit, therefore the deposit should still be reported as cash and cash equivalent. In addition, the Group has reclassified the amount as of December 31, 2023 and January 1, 2023. Refer to Note 4(4) for detailed explanation.
- E. The Group has no cash and cash equivalents pledged to others.

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

| <u>Items</u> | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|------------------------------------|-----------------------|--------------------------|-----------------------|
| Current items: | | | |
| Forward foreign exchange contracts | \$ - | \$ - | \$ 98 |

- A. For the three months ended March 31, 2024 and 2023, the Group recognized \$0 and \$98 in profit or loss in relation to financial assets at fair value through profit or loss, respectively.

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

| Derivative Instruments | March 31, 2023 | |
|---------------------------------------|---|-----------------|
| | Contract Amount (Notional Principal) (in thousands) | Contract Period |
| Current items: | | |
| Forward foreign exchange contracts | | |
| Taipei Fubon Bank | JPY 45,570 | 2023.03-2023.04 |

C. The forward exchange contracts are buy and sell to hedge the change of exchange rate due to import and export transactions, but not adopting hedge accounting.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|----------------------|----------------------|----------------------|----------------------|
| Current items: | | | |
| Equity instruments | | | |
| Listed stocks | \$ 900,285 | \$ 900,285 | \$ 900,285 |
| Unlisted stocks | 100,000 | 100,000 | 100,000 |
| | 1,000,285 | 1,000,285 | 1,000,285 |
| Valuation adjustment | 16,724 | 112,898 | 237,664 |
| | <u>\$ 1,017,009</u> | <u>\$ 1,113,183</u> | <u>\$ 1,237,949</u> |
| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
| Non-current items: | | | |
| Equity instruments | | | |
| Listed stocks | \$ 8,163,125 | \$ 8,163,125 | \$ 8,163,125 |
| Unlisted stocks | 6,647,666 | 6,647,666 | 6,647,666 |
| | 14,810,791 | 14,810,791 | 14,810,791 |
| Valuation adjustment | 14,012,417 | 17,939,547 | 19,274,917 |
| | <u>\$ 28,823,208</u> | <u>\$ 32,750,338</u> | <u>\$ 34,085,708</u> |

A. The Group has elected to classify equity investments that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$29,840,217, \$33,863,521 and \$35,323,657 as at March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

- B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

| | Three months ended March 31, | |
|--|------------------------------|--------------|
| | 2024 | 2023 |
| <u>Equity instruments at fair value through other comprehensive income</u> | | |
| Fair value change recognized in other comprehensive (loss) income | (\$ 4,023,304) | \$ 1,962,960 |

- C. As at March 31, 2024, December 31, 2023 and March 31, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group were \$29,840,217, \$33,863,521 and \$35,323,657, respectively.

- D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortised cost

| Items | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--------------------|----------------|-------------------|----------------|
| Current items: | | | |
| Time deposit | \$ 200,439 | \$ 112,616 | \$ - |
| Non-current items: | | | |
| Time deposit | \$ 766,498 | \$ 737,706 | \$ 44,318 |

- A. Amounts recognized in profit or loss in relation to financial assets at amortised cost are listed below:

| | Three months ended March 31, | |
|-----------------|------------------------------|--------|
| | 2024 | 2023 |
| Interest income | \$ 5,482 | \$ 351 |

- B. As at March 31, 2024, December 31, 2023 and March 31, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group were \$966,937, \$850,322 and \$44,318, respectively.
- C. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|-------------------------------|---------------------|---------------------|---------------------|
| Notes receivable | \$ 38,388 | \$ 57,123 | \$ 54,455 |
| Accounts receivable | \$ 2,802,139 | \$ 2,096,392 | \$ 2,643,476 |
| Less: Allowance for bad debts | (44,374) | (43,494) | (63,831) |
| | <u>\$ 2,757,765</u> | <u>\$ 2,052,898</u> | <u>\$ 2,579,645</u> |

A. The ageing analysis of notes and accounts receivable is as follows:

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---------------|---------------------|---------------------|---------------------|
| Not past due | \$ 2,782,519 | \$ 2,096,891 | \$ 2,618,615 |
| Up to 30 days | 38,517 | 32,249 | 35,231 |
| 31 to 90 days | 8,029 | 5,816 | 20,792 |
| Over 90 days | 11,462 | 18,559 | 23,293 |
| | <u>\$ 2,840,527</u> | <u>\$ 2,153,515</u> | <u>\$ 2,697,931</u> |

The above ageing analysis was based on past due date.

B. As of March 31, 2024, December 31, 2023 and March 31, 2023, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers amounted to \$2,827,687.

C. As at March 31, 2024, December 31, 2023 and March 31, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were \$2,796,153, \$2,110,021 and \$2,634,100, respectively.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

| | March 31, 2024 | | |
|--------------------------------|---------------------|------------------------------|---------------------|
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | \$ 1,087,722 | (\$ 130,697) | \$ 957,025 |
| Supplies | 195,927 | (10,384) | 185,543 |
| Work in process | 2,909,041 | - | 2,909,041 |
| Finished goods | 3,435,740 | (695,083) | 2,740,657 |
| Merchandise inventory | 261,404 | - | 261,404 |
| Materials in transit | 198,021 | - | 198,021 |
| Outsourced processed materials | 245,786 | - | 245,786 |
| Construction in progress | 30,466 | - | 30,466 |
| Land for construction | 74,806 | - | 74,806 |
| | <u>\$ 8,438,913</u> | <u>(\$ 836,164)</u> | <u>\$ 7,602,749</u> |

| | December 31, 2023 | | |
|--------------------------------|---------------------|---------------------------------|---------------------|
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | \$ 1,082,441 | (\$ 124,814) | \$ 957,627 |
| Supplies | 327,985 | (2,528) | 325,457 |
| Work in process | 3,001,786 | - | 3,001,786 |
| Finished goods | 3,471,733 | (697,135) | 2,774,598 |
| Merchandise inventory | 251,076 | - | 251,076 |
| Materials in transit | 169,800 | - | 169,800 |
| Outsourced processed materials | 286,120 | - | 286,120 |
| Construction in progress | 16,552 | - | 16,552 |
| Land for construction | 74,806 | - | 74,806 |
| | <u>\$ 8,682,299</u> | <u>(\$ 824,477)</u> | <u>\$ 7,857,822</u> |
| | March 31, 2023 | | |
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | \$ 1,377,256 | (\$ 132,514) | \$ 1,244,742 |
| Supplies | 353,802 | (36,497) | 317,305 |
| Work in process | 2,989,122 | - | 2,989,122 |
| Finished goods | 4,122,196 | (618,962) | 3,503,234 |
| Merchandise inventory | 237,826 | - | 237,826 |
| Materials in transit | 281,580 | - | 281,580 |
| Outsourced processed materials | 249,953 | - | 249,953 |
| Construction in progress | 3,333 | - | 3,333 |
| Land for construction | 67,375 | - | 67,375 |
| | <u>\$ 9,682,443</u> | <u>(\$ 787,973)</u> | <u>\$ 8,894,470</u> |

Information about the inventories that were pledged to others as collateral is provided in Note 8.

The cost of inventories recognized as expense for the three months ended March 31, 2024 and 2023 were as follows:

| | Three months ended March 31, | |
|--|------------------------------|---------------------|
| | 2024 | 2023 |
| Cost of inventories sold | \$ 6,333,410 | \$ 6,807,182 |
| Inventory valuation loss (gain) (Note 1) | 11,687 | (22,117) |
| Idle capacity | 51,957 | 55,797 |
| Others (Note 2) | 5,811 | 9,319 |
| | <u>\$ 6,402,865</u> | <u>\$ 6,850,181</u> |

Note 1: Gain on inventory for the three months ended March 31, 2023 arose from inventories which were previously provided with allowance but were subsequently sold.

Note 2: Others consist of service cost, inventory overage/shortage and disposal of scrap and defective materials.

(7) Investments accounted for using equity method

| Items | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|---------------------|---------------------|---------------------|
| Formosa Advanced Technologies Co., Ltd. | \$ 5,019,849 | \$ 5,000,582 | \$ 5,394,601 |
| Formosa Industries Co., Ltd. | 1,310,959 | 1,338,654 | 1,547,577 |
| Quang Viet Enterprise Co., Ltd. | 1,419,386 | 1,414,563 | 1,413,937 |
| Schoeller Textil AG | 917,274 | 1,033,980 | 1,062,185 |
| Nan Ya Photonics Inc. | 177,651 | 176,689 | 195,695 |
| | <u>\$ 8,845,119</u> | <u>\$ 8,964,468</u> | <u>\$ 9,613,995</u> |

A. The Group's material associates have quoted market prices as follows:

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|---------------------|---------------------|---------------------|
| Formosa Advanced Technologies Co., Ltd. | \$ 4,996,924 | \$ 5,310,083 | \$ 6,058,941 |
| Quang Viet Enterprise Co., Ltd. | 2,065,749 | 2,093,665 | 2,112,275 |
| | <u>\$ 7,062,673</u> | <u>\$ 7,403,748</u> | <u>\$ 8,171,216</u> |

B. Associates

(a) The basic information of the associates that are material to the Group is as follows:

| Company name | Principal place of business | Shareholding ratio | | | Nature of relationship | Method of measurement |
|---|-----------------------------|--------------------|-------------------|----------------|---|-----------------------|
| | | March 31, 2024 | December 31, 2023 | March 31, 2023 | | |
| Formosa Advanced Technologies Co., Ltd. | Taiwan | 30.79% | 30.79% | 30.79% | Investments accounted for using the equity method | Equity method |
| Formosa Industries Co., Ltd. | Vietnam | 10.00% | 10.00% | 10.00% | Investments accounted for using the equity method | Equity method |

(b) The summarized financial information of the associates that are material to the Group is shown below:

Balance sheets

| Formosa Advanced Technologies Co., Ltd. | | | |
|---|----------------------|----------------------|----------------------|
| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
| Current assets | \$ 9,853,061 | \$ 9,573,354 | \$ 10,770,043 |
| Non-current assets | 3,508,894 | 3,690,084 | 3,961,211 |
| Current liabilities | (1,297,549) | (868,488) | (2,466,444) |
| Non-current liabilities | (592,585) | (587,714) | (637,185) |
| Total net assets | <u>\$ 11,471,821</u> | <u>\$ 11,807,236</u> | <u>\$ 11,627,625</u> |
| Share in associate's net assets | \$ 3,654,718 | \$ 3,635,428 | \$ 4,029,346 |
| Difference | <u>1,365,134</u> | <u>1,365,154</u> | <u>1,365,255</u> |
| Carrying amount of the associate | <u>\$ 5,019,849</u> | <u>\$ 5,000,582</u> | <u>\$ 5,394,601</u> |

| Formosa Industries Co., Ltd. | | | |
|----------------------------------|----------------------|----------------------|----------------------|
| | March 31, 2023 | December 31, 2023 | March 31, 2023 |
| Current assets | \$ 24,384,931 | \$ 9,327,230 | \$ 22,945,575 |
| Non-current assets | 18,217,345 | 18,400,041 | 17,561,731 |
| Current liabilities | (23,764,373) | (8,962,251) | (19,570,194) |
| Non-current liabilities | (6,629,660) | (6,279,826) | (6,362,693) |
| Total net assets | <u>\$ 12,208,243</u> | <u>\$ 12,485,194</u> | <u>\$ 14,574,419</u> |
| Share in associate's net assets | \$ 1,220,825 | \$ 1,248,520 | \$ 1,457,443 |
| Difference | <u>90,134</u> | <u>90,134</u> | <u>90,134</u> |
| Carrying amount of the associate | <u>\$ 1,310,959</u> | <u>\$ 1,338,654</u> | <u>\$ 1,547,577</u> |

Statements of comprehensive income

| Formosa Advanced Technologies Co., Ltd. | | |
|--|---------------------|---------------------|
| Three months ended March 31 | | |
| | 2024 | 2023 |
| Revenue | <u>\$ 2,359,653</u> | <u>\$ 2,169,797</u> |
| Profit for the period from continuing operations | <u>\$ 347,841</u> | <u>\$ 231,593</u> |
| Other comprehensive (loss) income, net of tax | <u>(285,256)</u> | <u>144,076</u> |
| Total comprehensive income | <u>\$ 62,585</u> | <u>\$ 375,669</u> |

| | Formosa Industries Co., Ltd. | |
|---|------------------------------|--------------|
| | Three months ended March 31, | |
| | 2024 | 2023 |
| Revenue | \$ 1,561,100 | \$ 3,901,228 |
| Income (loss) for the period from continuing operations | | |
| (Total comprehensive income (loss)) | \$ 489,745 | (\$ 747,929) |

(c) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of March 31, 2024, December 31, 2023 and March 31, 2023, the carrying amount of the Group's individually immaterial associates amounted to \$2,514,311, \$2,625,232 and \$2,617,817, respectively.

| | Three months ended March 31, | |
|--|------------------------------|--------------|
| | 2024 | 2023 |
| Loss for the period from continuing operations | (\$ 224,798) | (\$ 113,045) |
| Other comprehensive (loss) income, net of tax | (654) | 15,288 |
| Total comprehensive income | (\$ 225,452) | (\$ 97,757) |

(Continued)

(8) Property, plant and equipment

2024

| | Land and land improvements | Buildings | Machinery | Transportation equipment and other equipment | Construction in progress and equipment to be inspected | Total |
|--|-------------------------------|---------------------|---------------------|--|--|----------------------|
| <u>At January 1</u> | | | | | | |
| Cost | \$ 2,185,036 | \$ 10,573,307 | \$ 23,852,782 | \$ 4,900,726 | \$ 312,866 | \$ 41,824,717 |
| Accumulated depreciation | (10,816) | (7,265,310) | (18,956,022) | (4,548,188) | - | (30,780,336) |
| Accumulated impairment | (155,738) | - | - | - | - | (155,738) |
| | <u>\$ 2,018,482</u> | <u>\$ 3,307,997</u> | <u>\$ 4,896,760</u> | <u>\$ 352,538</u> | <u>\$ 312,866</u> | <u>\$ 10,888,643</u> |
| Opening net book amount as at January 1 | \$ 2,018,482 | \$ 3,307,997 | \$ 4,896,760 | \$ 352,538 | \$ 312,866 | \$ 10,888,643 |
| Additions | - | - | - | - | 267,044 | 267,044 |
| Disposals | (141,452) | - | (12,511) | (531) | - | (154,494) |
| Transfers | (7,415) | 9,016 | 95,978 | 6,425 | (111,418) | (7,414) |
| Depreciation charge | - | (71,672) | (208,012) | (18,232) | - | (297,916) |
| Net exchange differences | 47 | 47,351 | 57,360 | 4,635 | 1,677 | 111,070 |
| Closing net book amount as at March 31 | <u>\$ 1,869,662</u> | <u>\$ 3,292,692</u> | <u>\$ 4,829,575</u> | <u>\$ 344,835</u> | <u>\$ 470,169</u> | <u>\$ 10,806,933</u> |
| <u>At March 31</u> | | | | | | |
| Cost | \$ 1,959,322 | \$ 10,697,824 | \$ 24,120,710 | \$ 4,912,289 | \$ 470,169 | \$ 42,160,314 |
| Accumulated depreciation | (11,238) | (7,405,132) | (19,291,135) | (4,567,454) | - | (31,274,959) |
| Accumulated impairment | (78,422) | - | - | - | - | (78,422) |
| | <u>\$ 1,869,662</u> | <u>\$ 3,292,692</u> | <u>\$ 4,829,575</u> | <u>\$ 344,835</u> | <u>\$ 470,169</u> | <u>\$ 10,806,933</u> |

2023

| | Land and land improvements | Buildings | Machinery | Transportation equipment and other equipment | Construction in progress and equipment to be inspected | Total |
|--|-------------------------------|---------------------|---------------------|--|--|----------------------|
| <u>At January 1</u> | | | | | | |
| Cost | \$ 2,182,626 | \$ 10,635,611 | \$ 23,719,256 | \$ 4,892,251 | \$ 528,177 | \$ 41,957,921 |
| Accumulated depreciation | (10,990) | (7,053,547) | (18,682,268) | (4,526,025) | - | (30,272,830) |
| Accumulated impairment | (155,738) | - | - | - | - | (155,738) |
| | <u>\$ 2,015,898</u> | <u>\$ 3,582,064</u> | <u>\$ 5,036,988</u> | <u>\$ 366,226</u> | <u>\$ 528,177</u> | <u>\$ 11,529,353</u> |
| Opening net book amount as at January 1 | \$ 2,015,898 | \$ 3,582,064 | \$ 5,036,988 | \$ 366,226 | \$ 528,177 | \$ 11,529,353 |
| Additions | - | - | - | - | 169,169 | 169,169 |
| Disposals | (2,725) | (720) | (5,359) | (713) | - | (9,517) |
| Transfers | - | 10,612 | 104,648 | 22,875 | (137,559) | 576 |
| Depreciation charge | - | (73,274) | (206,934) | (17,914) | - | (298,122) |
| Net exchange differences | 7 | (590) | (3,229) | 27 | (301) | (4,086) |
| Closing net book amount as at March 31 | <u>\$ 2,013,180</u> | <u>\$ 3,518,092</u> | <u>\$ 4,926,114</u> | <u>\$ 370,501</u> | <u>\$ 559,486</u> | <u>\$ 11,387,373</u> |
| <u>At March 31</u> | | | | | | |
| Cost | \$ 2,179,964 | \$ 10,648,504 | \$ 23,736,773 | \$ 4,899,150 | \$ 559,486 | \$ 42,023,877 |
| Accumulated depreciation | (11,046) | (7,130,412) | (18,810,659) | (4,528,649) | - | (30,480,766) |
| Accumulated impairment | (155,738) | - | - | - | - | (155,738) |
| | <u>\$ 2,013,180</u> | <u>\$ 3,518,092</u> | <u>\$ 4,926,114</u> | <u>\$ 370,501</u> | <u>\$ 559,486</u> | <u>\$ 11,387,373</u> |

- A. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

| | Three months ended March 31, | |
|--|------------------------------|-------------|
| | 2024 | 2023 |
| Amount capitalized | \$ 181 | \$ 1,562 |
| Range of the interest rates for capitalization | 1.88%~1.97% | 1.75%~1.78% |

- B. The components and useful lives of property, plant and equipment are as follows:

| Items | Significant components | Estimated useful lives |
|--------------------------|--|------------------------|
| Land improvements | Pipelines | 3 ~ 15 years |
| Buildings | Factory and gasoline stations | 10 ~ 60 years |
| Machinery and equipment | Impregnating machine, dyeing machine and other machinery equipment | 2 ~ 20 years |
| Transportation equipment | Pallet trucks and fork lift trucks | 3 ~ 15 years |
| Other equipment | Cogeneration power generation equipment | 2 ~ 17 years |

- C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

- D. Certain regulations restrict ownership of land to individuals. Accordingly, the titles of land which the Company has acquired for future plant expansion is under the name of third parties. Such land titles were transferred and mortgaged to the Company. As of March 31, 2024, December 31, 2023 and March 31, 2023, the land mortgaged to the Company was \$808,300.

(9) Leasing arrangements — lessee

- A. The Group leases various assets including land. Rental contracts are typically made for periods of 3 to 25 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--------------------------------|---------------------|---------------------|---------------------|
| | Carrying amount | Carrying amount | Carrying amount |
| Right-of-use asset - land | \$ 1,040,871 | \$ 1,004,450 | \$ 1,117,274 |
| Right-of-use asset - buildings | 106,390 | 112,193 | - |
| | <u>\$ 1,147,261</u> | <u>\$ 1,116,643</u> | <u>\$ 1,117,274</u> |

| | Three months ended March 31, | |
|--------------------------------|------------------------------|---------------------|
| | 2024 | 2023 |
| | Depreciation charge | Depreciation charge |
| Right-of-use asset - land | \$ 39,598 | \$ 39,878 |
| Right-of-use asset - buildings | 5,803 | - |
| | <u>\$ 45,401</u> | <u>\$ 39,878</u> |

C. For the three months ended March 31, 2024 and 2023, the additions to right-of-use assets were \$74,626 and \$58,672, respectively.

D. The information on income and expense accounts relating to lease contracts is as follows:

| | Three months ended March 31, | |
|---------------------------------------|------------------------------|----------|
| | 2024 | 2023 |
| <u>Items affecting profit or loss</u> | | |
| Interest expense on lease liabilities | \$ 3,291 | \$ 2,809 |
| Expense on short-term lease contracts | 2,326 | 1,523 |

E. For the three months ended March 31, 2024 and 2023, the Group's total cash outflow for leases were \$48,375 and \$40,133, respectively.

(10) Investment property

| | 2024 | | |
|---|------------------|-------------------|-------------------|
| | Land | Buildings | Total |
| At January 1 | | | |
| Cost | \$ 15,332 | \$ 1,012,590 | \$ 1,027,922 |
| Accumulated depreciation | - | (510,679) | (510,679) |
| | <u>\$ 15,332</u> | <u>\$ 501,911</u> | <u>\$ 517,243</u> |
| Opening net book amount as at January 1 | \$ 15,332 | \$ 501,911 | \$ 517,243 |
| Depreciation charge | - | (8,265) | (8,265) |
| Net exchange differences | - | 3,243 | 3,243 |
| Closing net book amount as at March 31 | <u>\$ 15,332</u> | <u>\$ 496,889</u> | <u>\$ 512,221</u> |
| At March 31 | | | |
| Cost | \$ 15,332 | \$ 1,016,745 | \$ 1,032,077 |
| Accumulated depreciation | - | (519,856) | (519,856) |
| | <u>\$ 15,332</u> | <u>\$ 496,889</u> | <u>\$ 512,221</u> |

| | 2023 | | |
|---|------------------|-------------------|-------------------|
| | Land | Buildings | Total |
| At January 1 | | | |
| Cost | \$ 15,332 | \$ 1,014,300 | \$ 1,029,632 |
| Accumulated depreciation | - | (478,003) | (478,003) |
| | <u>\$ 15,332</u> | <u>\$ 536,297</u> | <u>\$ 551,629</u> |
| Opening net book amount as at January 1 | \$ 15,332 | \$ 536,297 | \$ 551,629 |
| Depreciation charge | - | (8,268) | (8,268) |
| Net exchange differences | - | 456 | 456 |
| Closing net book amount as at March 31 | <u>\$ 15,332</u> | <u>\$ 528,485</u> | <u>\$ 543,817</u> |
| At March 31 | | | |
| Cost | \$ 15,332 | \$ 1,014,855 | \$ 1,030,187 |
| Accumulated depreciation | - | (486,370) | (486,370) |
| | <u>\$ 15,332</u> | <u>\$ 528,485</u> | <u>\$ 543,817</u> |

A. Rental income from investment property is as follows:

| | Three months ended March 31, | |
|--|------------------------------|------------------|
| | 2024 | 2023 |
| Rental income from investment property | <u>\$ 15,413</u> | <u>\$ 15,442</u> |

B. The fair value of the investment property held by Group as at March 31, 2024, December 31, 2023 and March 31, 2023 were \$1,469,266, \$1,466,935 and \$1,232,244, respectively, which was based on the transaction prices of similar prices in the neighboring areas.

(11) Short-term borrowings

| Type of borrowings | March 31, 2024 | Interest rate range | Collateral |
|--------------------|---------------------|---------------------|---|
| Bank borrowings | | | |
| Credit borrowings | \$ 2,495,581 | 3.34%~6.59% | - |
| Secured borrowings | 80,000 | 1.95% | Property, plant and equipment and Inventories |
| Purchase loans | 7,184 | 6.27% | - |
| | <u>\$ 2,582,765</u> | | |

| <u>Type of borrowings</u> | <u>December 31, 2023</u> | <u>Interest rate range</u> | <u>Collateral</u> |
|---------------------------|--------------------------|----------------------------|---|
| Bank borrowings | | | |
| Credit borrowings | \$ 2,171,094 | 3.25%~6.7% | - |
| Secured borrowings | 80,000 | 1.825%~1.95% | Property, plant and equipment and Inventories |
| | <u>\$ 2,251,094</u> | | |

| <u>Type of borrowings</u> | <u>March 31, 2023</u> | <u>Interest rate range</u> | <u>Collateral</u> |
|---------------------------|-----------------------|----------------------------|---|
| Bank borrowings | | | |
| Credit borrowings | \$ 2,603,742 | 2%~6.37% | - |
| Secured borrowings | 50,000 | 1.825% | Property, plant and equipment and Inventories |
| Purchase loans | 20,570 | 4.48% | - |
| | <u>\$ 2,674,312</u> | | |

(12) Short-term notes and bills payable

As at March 31, 2024 and December 31, 2023: None.

| | |
|---|-----------------------|
| | <u>March 31, 2023</u> |
| Commercial paper payable | \$ 1,130,000 |
| Less: Commercial paper payable discount | (523) |
| | <u>\$ 1,129,477</u> |
| Interest rate | <u>1.37%~1.39%</u> |

The abovementioned commercial paper payable was issued by International Bills Finance Corporation, Taishin International Bank, Ta Ching Bills Finance Corporation, Mega Bills Finance, Hua Nan Commercial Bank and China Bills Finance, Ltd., etc.

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

| <u>Items</u> | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|--|-----------------------|--------------------------|-----------------------|
| Financial liabilities held for trading | | | |
| Forward foreign exchange contracts | <u>\$ -</u> | <u>\$ 479</u> | <u>\$ -</u> |

A. For the three months ended March 31, 2024 and 2023, the Company recognized \$479 and \$2,826 in profit or loss in relation to financial liabilities held for trading, respectively.

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Company does not adopt hedge accounting are as follows:

| Derivative Financial Liabilities | December 31, 2023 | |
|------------------------------------|---|-----------------|
| | Contract Amount (Notional Principal) (in thousands) | Contract Period |
| Current items: | | |
| Forward foreign exchange contracts | | |
| Taipei Fubon Bank | JPY 94,010 | 2023.12~2024.01 |

For the three months ended March 31, 2024 and 2023: None.

The Company entered into forward foreign exchange contracts to hedge exchange rate risk of assets and liabilities denominated in foreign currencies. However, these forward foreign exchange contracts do not meet all conditions of hedge accounting and are not accounted for under hedge accounting.

(14) Other payables

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|-------------------------------------|---------------------|---------------------|---------------------|
| Salaries and year-end bonus payable | \$ 322,865 | \$ 391,646 | \$ 361,671 |
| Accrued utilities expenses | 102,897 | 97,748 | 105,834 |
| Commission payable | 44,068 | 46,193 | 61,114 |
| Payable on equipment | 82,536 | 65,012 | 38,960 |
| Dividends payable | 546,990 | 109,034 | 2,578,984 |
| Others | 511,674 | 360,821 | 462,319 |
| | <u>\$ 1,611,030</u> | <u>\$ 1,070,454</u> | <u>\$ 3,608,882</u> |

(15) Long-term borrowings

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|-------------------|--------------------|--------------------|--------------------|
| Credit borrowings | \$ 9,900,000 | \$ 10,400,000 | \$ 9,600,000 |
| Interest rate | <u>1.88%~1.97%</u> | <u>1.84%~1.97%</u> | <u>1.58%~1.88%</u> |

A. The long-term borrowings as of March 31, 2024 and December 31, 2023 are due in 2025.

B. The long-term borrowings as of March 31, 2023 are due in 2024-2025.

(16) Pensions

A.(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% ~ 15% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic

subsidiaries would assess the balance in the aforementioned employees pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.

(b) For the aforementioned pension plan, the Group recognised pension costs of \$862 and \$2,467 for the three months ended March 31, 2024 and 2023, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 are \$42,317.

B.(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established defined contribution pension plans (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company’s Mainland China subsidiaries, Formosa Taffeta (Zhong Shan) Co., Ltd., and Formosa Taffeta (Changshu) Co., Ltd., have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on a certain percentage of the employees’ monthly salaries and wages. The contribution percentage was between 10% and 20%. Other than the monthly contributions, the Group has no further obligations.

(c) The Company’s subsidiaries, Formosa Taffeta Vietnam Co., Ltd. and Formosa Taffeta (Dong Nai) Co., Ltd., have defined contribution plans. Contributions of social security to an independent fund administered by the government in accordance with the pension regulations of local governments are based on certain percentage of employees’ salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(d) Formosa Taffeta (Hong Kong) Co., Ltd. has defined contribution plans whereby contributions are made to the mandatory provident fund based on a percentage of the employees’ salaries and wages as full-time employees’ pension benefit.

(e) The pension costs under the defined contribution pension plans of the Group for the three months ended March 31, 2024 and 2023 were \$20,232 and \$26,808, respectively.

(17) Share capital

A. As of March 31, 2024, the Company’s issued capital was \$16,846,646, consisting of 1,684,665,000 shares of common stock, with a par value of \$10 per share.

B. For the three months ended March 31, 2024 and 2023, changes in the number of treasury stocks are as follows (in thousands of shares):

| Reason for reacquisition | Investee company | Three months ended March 31, 2024 | | | |
|--|-------------------------------|-----------------------------------|-----------|----------|---------------|
| | | Beginning shares | Additions | Disposal | Ending shares |
| Long-term equity investment transferred to treasury stock for parent company's shares held by subsidiaries | Formosa Development Co., Ltd. | 2,193 | - | - | 2,193 |

| Reason for reacquisition | Investee company | Three months ended March 31, 2023 | | | |
|--|-------------------------------|-----------------------------------|-----------|----------|---------------|
| | | Beginning shares | Additions | Disposal | Ending shares |
| Long-term equity investment transferred to treasury stock for parent company's shares held by subsidiaries | Formosa Development Co., Ltd. | 2,193 | - | - | 2,193 |

C. The abovementioned treasury stocks were acquired by the subsidiary, Formosa Development Co., Ltd., for investment purposes.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

| Three months ended March 31, 2024 | | | | | |
|---|-----------------------------|---|-------------------------|--|------------------|
| | Treasury share transactions | Difference between carrying amount of subsidiaries acquired or disposed | Donated assets received | Changes in net equity of associates and joint ventures accounted for under equity method | Others |
| At January 1, 2024 | \$ 44,256 | \$ 1,650 | \$ 2,032 | \$ 1,275,016 | \$ 17,175 |
| Paid expired cash dividends transferred to capital surplus | - | - | - | - | (23) |
| Change in the net interest of associates recognized under the equity method | - | - | - | 2,951 | - |
| At March 31, 2024 | <u>\$ 44,256</u> | <u>\$ 1,650</u> | <u>\$ 2,032</u> | <u>\$ 1,277,967</u> | <u>\$ 17,152</u> |

| Three months ended March 31, 2023 | | | | | |
|---|-----------------------------|---|-------------------------|--|------------------|
| | Treasury share transactions | Difference between carrying amount of subsidiaries acquired or disposed | Donated assets received | Changes in net equity of associates and joint ventures accounted for under equity method | Others |
| At January 1, 2023 | \$ 40,966 | \$ 1,650 | \$ 2,032 | \$ 1,280,456 | \$ 13,554 |
| Paid expired cash dividends transferred to capital surplus | - | - | - | - | (2) |
| Change in the net interest of associates recognized under the equity method | - | - | - | (5,348) | - |
| At March 31, 2024 | <u>\$ 40,966</u> | <u>\$ 1,650</u> | <u>\$ 2,032</u> | <u>\$ 1,275,108</u> | <u>\$ 13,552</u> |

(19) Retained earnings

A. According to the R.O.C. Securities Exchange Law No. 41, a company should reserve the amount equal to any valuation or contra-account in the stockholders' equity in the fiscal year from the net income and prior unappropriated earnings as special reserve. If the valuation or contra-account in stockholders' equity belongs to prior periods, the same amount from prior period earnings should be considered special reserve and cannot be distributed. The special reserve includes:

- i) Reserve for special purposes.
- ii) Investment income recognized under the equity method.
- iii) Net proceeds from the recognition of financial asset transactions; only when the accumulated value decreases should the special reserve be adjusted by the same amount, subject to the provisions in this section.
- iv) Other special reserves set out by legal provisions.

B. The Company's dividend policy is summarized below:

As the Company operates in a volatile business environment and is in the stable growth stage, the dividend policy includes cash dividends, stock dividends and capital increase by earnings

recapitalization. At least 50% of the Company's distributable earnings shall be appropriated as dividends after deducting the legal reserve and special reserves. The Company would prefer distributing cash dividends. However, if significant investment measures are taken or the Company's financial structure needs to be improved, part of the dividends would be in the form of stock dividends but not to exceed 50% of the total dividends.

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. The appropriations of 2023 and 2022 earnings had been resolved by the Board of Directors on March 8, 2024 and June 16, 2023, respectively. Details are summarized below:

| | 2023 earnings | | 2022 earnings | |
|----------------|---------------|--|---------------|--|
| | Amount | Dividends per share (in dollars) | Amount | Dividends per share (in dollars) |
| Legal reserve | \$ 71,947 | | \$ 344,497 | |
| Cash dividends | 438,013 | \$ 0.26 | 2,526,997 | \$ 1.50 |

- E. The consolidated subsidiary, Formosa Taffeta (Zhong Shan) Co., Ltd., set aside a portion of after tax profits for the reserve fund and staff bonus welfare fund in accordance with regulations on foreign invested enterprises as set forth in the Company Law of the People's Republic of China. The percentage of after-tax profits allocated to the reserve fund must be 10% or more. Once the amount of the reserve fund reaches 50% of the registered capital, contribution to the fund is no longer required. The percentage of after-tax profits allocated to the staff bonus welfare fund is determined by the company. No profits can be distributed before operating losses from prior years are first covered.
- F. For information relating to employees' compensation and directors' and supervisors' remuneration, refer to Note 6(26).

(20) Other equity items

| | Unrealized gains on valuation | Currency translation |
|------------------------------------|----------------------------------|-------------------------|
| January 1, 2024 | \$ 17,808,075 | (\$ 913,220) |
| Revaluation | | |
| — Group | (4,023,304) | - |
| — Associates | (96,101) | - |
| Difference of currency translation | | |
| — Group | - | 246,377 |
| — Associates | - | (39,430) |
| March 31, 2024 | <u>\$ 13,688,670</u> | <u>(\$ 706,273)</u> |
| | Unrealized gains on valuation | Currency translation |
| January 1, 2023 | \$ 17,309,944 | (\$ 805,905) |
| Revaluation | | |
| — Group | 1,962,960 | - |
| — Associates | 49,957 | - |
| Difference of currency translation | | |
| — Group | - | (456) |
| — Associates | - | 923 |
| March 31, 2023 | <u>\$ 19,322,861</u> | <u>(\$ 805,438)</u> |

(21) Operating revenue

| | Three months ended March 31, | |
|-----------------|------------------------------|---------------------|
| | 2024 | 2023 |
| Sales revenue | \$ 7,103,626 | \$ 7,597,681 |
| Service revenue | 66,205 | 55,022 |
| | <u>\$ 7,169,831</u> | <u>\$ 7,652,703</u> |

The Group derives revenue from the transfer of goods and services at a point in time.

(22) Interest income

| | Three months ended March 31, | |
|------------------------------------|------------------------------|------------------|
| | 2024 | 2023 |
| Interest income from bank deposits | <u>\$ 24,249</u> | <u>\$ 38,694</u> |

(23) Other income

| | Three months ended March 31, | |
|-----------------|------------------------------|------------------|
| | 2024 | 2023 |
| Dividend income | \$ 5,760 | \$ 4,320 |
| Other income | 59,348 | 51,259 |
| | <u>\$ 65,108</u> | <u>\$ 55,579</u> |

(24) Other gains and losses

| | Three months ended March 31, | |
|--|------------------------------|--------------------|
| | 2024 | 2023 |
| Gain on disposal of property, plant and equipment | \$ 18,799 | \$ 3,964 |
| Impairment gain and reversal of real estate impairment loss | 77,316 | - |
| Foreign exchange gains (losses) | 72,354 | (42,738) |
| Forward foreign exchange contracts | | |
| Net gain on financial assets at fair value through profit or loss | - | 98 |
| Net gain on financial liabilities at fair value through profit or loss | 479 | 2,826 |
| Bank charges | (9,984) | (9,815) |
| Other losses | (79,010) | (15,449) |
| | <u>\$ 79,954</u> | <u>(\$ 61,114)</u> |

(25) Expenses by nature

| | Three months ended March 31, | |
|---|------------------------------|---------------------|
| | 2024 | 2023 |
| Employee benefit expense | \$ 855,299 | \$ 871,568 |
| Depreciation charges | | |
| (including right-of-use assets and investment property) | 351,582 | 346,268 |
| | <u>\$ 1,206,881</u> | <u>\$ 1,217,836</u> |

(26) Employee benefit expense

| | Three months ended March 31, | |
|---------------------------------|------------------------------|-------------------|
| | 2024 | 2023 |
| Wages and salaries | \$ 707,252 | \$ 711,196 |
| Labor and health insurance fees | 91,900 | 98,389 |
| Pension costs | 25,557 | 29,275 |
| Other personnel expenses | 30,590 | 32,708 |
| | <u>\$ 855,299</u> | <u>\$ 871,568</u> |

- A. In accordance with the Company's Articles of Incorporation, a ratio of distributable profit of the current year after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be between 0.05%-0.5% for employees' compensation and shall not be higher than 0.5% for directors' and supervisors' remuneration.
- B. For the three months ended March 31, 2024 and 2023, employees' compensation was accrued at \$500 and \$500, respectively; while directors' and supervisors' remuneration was accrued at \$250 and \$250, respectively. The aforementioned amounts were recognized in salary expenses. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on the distributable profit of current period for the three months ended March 31,

2024.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Finance costs

| | Three months ended March 31, | |
|---|------------------------------|------------------|
| | 2024 | 2023 |
| Interest expense: | | |
| Bank borrowings | \$ 86,509 | \$ 87,052 |
| Other financial expense | 3,291 | 2,809 |
| Less: Capitalization of qualifying assets | (181) | (1,562) |
| | <u>\$ 89,619</u> | <u>\$ 88,299</u> |

(28) Income tax

A. Income tax expense

| | Three months ended March 31, | |
|---|------------------------------|------------------|
| | 2024 | 2023 |
| Current tax: | | |
| Current tax on profit for the period | \$ 27,749 | \$ 25,130 |
| Land value increment tax | 15,737 | - |
| Adjustments in respect of prior period | (628) | (443) |
| Total current tax | <u>42,858</u> | <u>24,687</u> |
| Deferred tax: | | |
| Origination and reversal of temporary differences | <u>25,073</u> | <u>16,387</u> |
| Total deferred tax | <u>25,073</u> | <u>16,387</u> |
| Income tax expense | <u>\$ 67,931</u> | <u>\$ 41,074</u> |

- B. The income tax returns of the Company, Formosa Development Co., Ltd. and Public More Internation Company Ltd. through 2021 have been assessed and approved by the Tax Authority.
- C. Starting from January 1, 2007, the enterprise income tax of Formosa Taffeta (Zhong Shan) Co., Ltd. and Formosa Taffeta (Changshu) Co., Ltd. is based on 25% of income generated within and outside Mainland China. In addition, Formosa Taffeta (Zhong Shan) Co., Ltd. was certified as high-tech enterprise by Guangdong Provincial Government and accordingly, is entitled to the applicable income tax rate of 15% for 3 years from 2021.
- D. The income tax rate of Formosa Taffeta Dong Nai Co., Ltd. was approved by the Vietnam government to be 15% for 12 years from the year of official establishment (October 2006); 20% after 12 years. Formosa Taffeta Dong Nai Co., Ltd. was granted income tax exemption for 3 years from the first profit-making year and income tax reduction of half of the 15% income tax rate or half of the 20% income tax rate for the next 4 to 10 years.
- E. In accordance with local tax regulations, the applicable income tax rate of Formosa Taffeta Vietnam Co., Ltd. was 20%.

F. In accordance with local tax regulations, the applicable income tax rate of Formosa Taffeta (Hong Kong) Co., Ltd. was 16.5%.

(29) Earnings per share

A. Basic earnings per share

The calculation of basic earnings per share is profit or loss attributable to the common stockholders of the Company divided by the weighted average number of outstanding common stocks for the period.

| Three months ended March 31, 2024 | | | | | |
|---|------------|------------|--|------------------------------------|-----------|
| | Amount | | Weighted-average outstanding common shares (in thousands) | Earnings per share (in dollars) | |
| | Before tax | After tax | | Before tax | After tax |
| | | | | | |
| Profit attributable to owners of the parent | \$ 220,127 | \$ 179,316 | 1,682,471 | \$ 0.13 | \$ 0.11 |
| Three months ended March 31, 2023 | | | | | |
| | Amount | | Weighted-average outstanding common shares (in thousands) | Earnings per share (in dollars) | |
| | Before tax | After tax | | Before tax | After tax |
| | | | | | |
| Profit attributable to owners of the parent | \$ 95,863 | \$ 81,603 | 1,682,471 | \$ 0.06 | \$ 0.05 |

The following is the earnings per share assuming the shares of the Company held by its subsidiary, Formosa Development Co., Ltd., are not deemed as treasury stock:

| Three months ended March 31, 2024 | | | | | |
|---|------------|------------|--|------------------------------------|-----------|
| | Amount | | Weighted-average outstanding common shares (in thousands) | Earnings per share (in dollars) | |
| | Before tax | After tax | | Before tax | After tax |
| | | | | | |
| Profit attributable to owners of the parent | \$ 220,127 | \$ 179,316 | 1,684,665 | \$ 0.13 | \$ 0.11 |

| Three months ended March 31, 2023 | | | | | |
|---|------------|-----------|--|------------------------------------|-----------|
| | Amount | | Weighted-average outstanding common shares (in thousands) | Earnings per share (in dollars) | |
| | Before tax | After tax | | Before tax | After tax |
| | | | | | |
| Profit attributable to owners of the parent | \$ 95,863 | \$ 81,603 | 1,684,665 | \$ 0.06 | \$ 0.05 |

B. Employees' compensation could be distributed in the form of stock. It does not have significant effect on the financial statements and earnings per share for the three months ended March 31, 2024 and 2023.

(30) Supplemental cash flow information

Investing activities with partial cash payments:

| | Three months ended March 31 | |
|--|-----------------------------|------------|
| | 2024 | 2023 |
| Purchase of property, plant and equipment | \$ 267,044 | \$ 169,169 |
| Add: Opening balance of payable on equipment | 65,012 | 81,778 |
| Ending balance of prepayment on equipment | 63,750 | 28,854 |
| Less: Ending balance of payable on equipment | (82,536) | (38,960) |
| Opening balance of prepayment on equipment | (34,872) | (48,104) |
| Cash paid during the period | \$ 278,398 | \$ 192,737 |

(31) Changes in liabilities from financing activities

| | Short-term borrowings | Short-term notes payable | Long-term borrowings (including current portion) | Lease liability | Liabilities from financing activities-gross |
|--|--------------------------|-----------------------------|---|-----------------|---|
| | | | | | |
| At January 1, 2024 | \$ 2,251,094 | \$ - | \$ 10,400,000 | \$ 916,769 | \$ 13,567,863 |
| Changes in cash flow from financing activities | 331,671 | - | (500,000) | (46,049) | (214,378) |
| Changes in other non-cash items | - | - | - | 76,136 | 76,136 |
| At March 31, 2024 | \$ 2,582,765 | \$ - | \$ 9,900,000 | \$ 946,856 | \$ 13,429,621 |
| | Short-term borrowings | Short-term notes payable | Long-term borrowings (including current portion) | Lease liability | Liabilities from financing activities-gross |
| | | | | | |
| At January 1, 2023 | \$ 3,035,088 | \$ 1,299,227 | \$ 9,600,000 | \$ 894,518 | \$ 14,828,833 |
| Changes in cash flow from financing activities | (360,776) | (169,750) | - | (40,133) | (570,659) |
| Changes in other non-cash items | - | - | - | 50,600 | 50,600 |
| At March 31, 2023 | \$ 2,674,312 | \$ 1,129,477 | \$ 9,600,000 | \$ 904,985 | \$ 14,308,774 |

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is controlled by Formosa Chemicals & Fibre Corp. (incorporated in R.O.C), which owns 37.4% of the Company's shares. The ultimate controlling party of the Company is Formosa Chemicals & Fibre Corp.

(2) Names of related parties and relationship

| <u>Names of related parties</u> | <u>Relationship with the Company</u> |
|---|--------------------------------------|
| Formosa Chemicals & Fibre Corporation | Ultimate parent company |
| Quang Viet Enterprise Co., Ltd. | Associate |
| Formosa Advanced Technologies Co., Ltd. | Associate |
| Formosa Industries Corp. | Associate |
| Nan Ya Photonics Inc. | Associate |
| Schoeller Textil AG | Associate |
| Schoeller Asia Co., Ltd | Other related party |
| MAI-LIAO POWER CORPORATION | Other related party |
| Formosa Water Technology Co., Ltd. | Other related party |
| Formosa Environmental Technology Corp. | Other related party |
| Formosa Heavy Industries Corp. | Other related party |
| Formosa Biomedical Technology Corp. | Other related party |
| Formosa Petrochemical Corp. | Other related party |
| Formosa Asahi Spandex Corp. | Other related party |
| Formosa Network Technology Corp. | Other related party |
| Formosa Plastics Corp. | Other related party |
| Chang Gung Biotechnology Co., Ltd. | Other related party |
| Nan Ya Polyester Fiber (Kunshan) Corp. | Other related party |
| Nan Ya Plastics Corp. | Other related party |
| Nan Ya Technology Corp. | Other related party |
| Yugen Yueh Co.,Ltd. | Other related party |
| Yu Maowu Complex Co., Ltd. | Other related party |
| Yu Yuang Textile Co., Ltd. | Other related party |
| Yumaowu Enterprise Co., Ltd. | Other related party |
| Great King Garment Co., Ltd. | Other related party |
| KONG YOU INDUSTRIAL CO., LTD. | Other related party |
| Bellmart Industrial Co., Ltd. | Other related party |
| Toa Resin Corp. | Other related party |
| NKFG Corp. | Other related party |
| Zur Schanze AG (Note) | Other related party |
| Zum Felsen AG (Note) | Other related party |
| FG INC | Other related party |
| FORMOSA HA TINH (CAYMAN) LIMITED | Other related party |

Note: Due to equity planning adjustments, Albers & Co AG, another shareholder of the original Schoeller Textile AG, was split into Zur Schanze AG & Zum Felsen AG. Since then, Schoeller

Textile AG is held by the above two companies.

(3) Significant related party transactions and balances

A. Operating revenue

| | Three months ended March 31, | |
|---------------------------|------------------------------|-------------------|
| | 2024 | 2023 |
| Sales of goods: | | |
| – Ultimate parent company | \$ 46 | \$ 60 |
| – Associates | 114,259 | 98,819 |
| – Other related party | 216,064 | 243,868 |
| | <u>\$ 330,369</u> | <u>\$ 342,747</u> |

Goods are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases of goods

| | Three months ended March 31, | |
|-----------------------------|------------------------------|---------------------|
| | 2024 | 2023 |
| Purchases of goods: | | |
| – Ultimate parent company | \$ 225,920 | \$ 310,769 |
| – Associates | 122,604 | 135,081 |
| – Other related party | | |
| Formosa Petrochemical Corp. | 2,369,310 | 2,402,604 |
| Others | 250,310 | 198,503 |
| | <u>\$ 2,968,144</u> | <u>\$ 3,046,957</u> |

Goods and services are purchased from associates and an entity controlled by key management personnel on normal commercial terms and conditions.

C. Receivables from related parties

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--------------------------------|-------------------|-------------------|-------------------|
| Notes and accounts receivable: | | | |
| – Ultimate parent company | \$ 4 | \$ 2 | \$ 22 |
| – Associates | 81,487 | 39,134 | 67,589 |
| – Other related party | 210,563 | 131,944 | 212,032 |
| | <u>\$ 292,054</u> | <u>\$ 171,080</u> | <u>\$ 279,643</u> |

The receivables from related parties arise mainly from sale transactions. The receivables are due 45~120 days after the date of sale. There are no provisions held against receivables from related parties.

D. Notes and accounts payable

| | March 31, 2023 | December 31, 2023 | March 31, 2023 |
|-----------------------------|-------------------|-------------------|-------------------|
| Notes and accounts payable: | | | |
| – Ultimate parent company | \$ 354,282 | \$ 398,462 | \$ 361,238 |
| – Associates | 28,252 | 71,560 | 24,469 |
| – Other related party | | | |
| Formosa Petrochemical Corp. | 411,454 | 434,086 | 432,904 |
| Others | 102,348 | 58,531 | 69,954 |
| | <u>\$ 896,336</u> | <u>\$ 962,639</u> | <u>\$ 888,565</u> |

The payables to related parties arise mainly from purchase transactions and are due 15~60 days after the date of purchase. The payables bear no interest.

E. Property transactions and investment property

Acquisition of property, plant and equipment:

| | Three months ended March 31, | |
|---------------------|------------------------------|-------------|
| | 2024 | 2023 |
| Other related party | <u>\$ 379</u> | <u>\$ -</u> |

F. Others

(a) Formosa Taffeta (Dong Nai) Co., Ltd. was engaged by the related party, Formosa Industry, to provide management services to Nhon Trach 3 Industrial Zone. In accordance with the service consignment contract signed by Formosa Taffeta (Dong Nai) Co., Ltd. and Nhon Trach 3 Industrial Zone each year, Formosa Taffeta (Dong Nai) Co., Ltd. is responsible for managing land that is available for rent, meter reading and payment collection of water, electricity, steam and other public liquid sold to lessees in investment district, repairing and performing service on various public facilities of power plant. In accordance with the contract, Formosa Taffeta (Dong Nai) Co., Ltd.'s collectible service expense is as follows:

- i. Land lease expense: 3% of Formosa Industry's land rent revenue
- ii. Public liquid service expense: 3% of Formosa Industry's monthly sale of electricity to lessees in investment district
- iii Management expense: the full amount of management expense collected from lessees in investment district to Formosa Industry is to be paid to the Company and its subsidiaries. For the three months ended March 31, 2024 and 2023, Formosa Taffeta (Dong Nai) Co., Ltd. has recognized lease service income in investment district of \$9,721 and \$10,082, respectively, for rendering the abovementioned consigned services. As of March 31, 2024, December 31, 2023 and March 31, 2023, the uncollected amount of \$3,807, \$3,545 and \$3,664, respectively, was recognized under 'other receivables'. For the above land leasing, as of March 31, 2024, December 31, 2023 and March 31, 2023, the management expense and utility expense which Formosa Taffeta (Dong Nai) Co., Ltd. is due to collect from the related party, Formosa Industry, amounted to \$21,949, \$22,805 and \$19,912, respectively.

(b) Rent income (shown as ‘other income’)

The Group leases buildings at No. 319, 329 and 331, Henan St., Douliu City, Yunlin County, No. 497-1, Sec. Neilin, land and employees’ dorms at No. 132 and 136, Sec. Meilin river, Douliu City to Formosa Advanced Technologies Co., Ltd. Rents which were determined by reference to general rental price in local market are payable at the beginning of each month based on the mutual agreement. Rent income for the three months ended March 31, 2024 and 2023 amounted to \$11,454 and \$11,457, respectively.

(c) Other income pertains to the Group’s collections and payment transfer of utilities, steam and waste disposal costs, etc. for Formosa Advanced Technologies Co., Ltd. for the three months ended March 31, 2024 and 2023 amounting to \$6,383 and \$5,310, respectively.

(d) Formosa Advanced Technologies Co., Ltd. has planned to expand its plant capacity and entrusted the Group to coordinate the procurement and supervision of the construction since 2022. Under the agreement, both parties received and paid in accordance with the contract. As of March 31, 2024, the amount of \$26,821 was recognized under ‘Other current liabilities’.

(4) Key management compensation

| | Three months ended March 31, | |
|---|------------------------------|----------|
| | 2024 | 2023 |
| Salaries and other short-term employee benefits | \$ 2,530 | \$ 1,924 |

8. PLEDGED ASSETS

The Group’s assets pledged as collateral are as follows:

| Item | Book Value | | | Purpose |
|-------------------------------|-------------------|-------------------|-------------------|------------------------------------|
| | March 31, 2023 | December 31, 2023 | March 31, 2023 | |
| Property, plant and equipment | \$ 134,286 | \$ 134,461 | \$ 134,986 | Security for short-term borrowings |
| Inventories | | | | Security for short-term borrowings |
| (Held-to-maturity land) | 14,133 | 17,625 | 17,610 | |
| | <u>\$ 148,419</u> | <u>\$ 152,086</u> | <u>\$ 152,596</u> | |

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of March 31, 2024, the significant commitments and contingent liabilities are the outstanding letters of credit for materials and equipment purchases with various companies listed as follows:

| Currency | Amount |
|----------|--------|
| USD | \$ 827 |
| JPY | 31,050 |

(2) Endorsements and guarantees

As of March 31, 2024, in order to assist the subsidiaries in obtaining credit line, the Company has guaranteed the following amounts for subsidiaries:

| Name of company | March 31, 2024 |
|--|----------------|
| Formosa Taffeta (Zhong Shan) Co., Ltd. | \$ 1,056,000 |
| Formosa Taffeta Vietnam Co., Ltd. | 1,376,000 |
| Formosa Taffeta (Changshu) Co., Ltd. | 1,760,000 |
| Formosa Taffeta Dong Nai Co., Ltd. | 4,240,000 |

(3) Contingencies - Significant lawsuit

- A. Taiwan Cooperative Bank Co., Ltd. (hereinafter referred to as TCB) filed a civil lawsuit against the Company with the Taipei District Court in September 2019. TCB claimed that the former employees of the Company colluded with New Site Industries Inc. (hereinafter referred to as New Site) and New Brite Industries Inc. (hereinafter referred to as New Brite) to make false statements. TCB was misled with the fact that New Site and New Brite has accounts receivable due from the Company, causing damage to TCB. Therefore, TCB claimed that the Company should be jointly and severally liable with the obligation of indemnity. However, this case arose purely as a result of the personal behavior of the former employee. In its adjudication dated April 20, 2023, the Taipei District Court has ordered that the Company is jointly liable to compensate TCB for the amount of NT\$290,657 thousand and any requested interest. However, it should be noted that the first instance ruling did not fully consider several vital defenses raised by the Company and the case remains appealable. As such, the ultimate outcome of the appeal and amount of the lawsuit cannot presently be determined. The Company has received a judgement on April 27, 2023. Consequently, the Company plans to file an appeal within the legal timeframe and engage lawyers to submit a strong defense to protect the Company's rights and interests.
- B. DBS (Taiwan) Commercial Bank Co., Ltd. (hereinafter referred to as DBS) filed a civil lawsuit against the Company and Formosa Taffeta Dong Nai (hereinafter referred to as the Formosa Dong Nai), a subsidiary of the Company with the Taipei District Court in September 2019. The former employees of the Company and Formosa Dong Nai colluded with New Site Industries Inc. (hereinafter referred to as New Site) to make the false statements. DBS was misled with the fact that New Site has accounts receivable due from the Company and Formosa Dong Nai, causing damage to DBS. Therefore, DBS claimed that the Company should be jointly and severally liable with the obligation of indemnity. However, this case arose purely as a result of the personal behavior of the former employee. In its adjudication dated December 30, 2022, the Taipei District Court has rejected the claims filed by DBS. Consequently, DBS filed an appeal in January 2023. The ultimate outcome of the appeal and amount of the lawsuit cannot presently be determined. However, the Company and Formosa Dong Nai have engaged lawyers to submit a strong defense to protect the Company's rights and interests.
- C. O-Bank filed a civil lawsuit against the Company and Formosa Taffeta Dong Nai (hereinafter referred to as the Formosa Dong Nai), a subsidiary of the Company with the Taipei District Court in February 2020. The former employees of the Company and Formosa Dong Nai colluded with I Chin Young Inc. (hereinafter referred to as I Chin Young) to make false statements. O-Bank was

misled with the fact that I Chin Young has accounts receivable due from the Company and Formosa Dong Nai, causing damage to O-Bank. Therefore, O-Bank claimed that the Company and Formosa Dong Nai should be jointly and severally liable with the obligation of indemnity. However, this case arose purely as a result of the personal behavior of the former employee. In its adjudication dated February 10, 2023, the Taipei District Court has rejected the claims filed by O-Bank. O-Bank has filed an appeal in accordance with related laws. The ultimate outcome of the appeal and amount of the lawsuit cannot presently be determined. However, the Company and Formosa Dong Nai have engaged lawyers to submit a strong defense to protect the Company's rights and interests.

- D. Yuanta Commercial Bank (hereinafter referred to as YCB) filed a merger of action in criminal and civil prosecution against the Company with the Taipei District Court in October 2020. The former employees of the Company colluded with Loomtech Industries Inc. (hereinafter referred to as Loomtech) to make false statements. YCB was misled with the fact that Loomtech has accounts receivable due from the Company, causing damage to YCB. Therefore, YCB claimed that the Company should be jointly and severally liable with the obligation of indemnity. However, this case arose purely as a result of the personal behavior of the former employee. In its adjudication dated May 17, 2023, the Taipei District Court has rejected the claims filed by YCB. The result of above judgment was determined on August 24, 2023.
- E. Taiwan Business Bank (hereinafter referred to as TBB) filed a merger of action in criminal prosecution against the Company and its subsidiary - Formosa Taffeta Dong Nai. The former employees of the Company colluded with New Site, New Brite and I Chin Young to make false statement. TBB was misled with the fact that New Site, New Brite, I Chin Young have accounts receivable due from the Company and Formosa Taffeta Dong Nai, causing damage to TBB. Therefore, TBB claimed that the Company and Formosa Taffeta Dong Nai should be jointly and severally liable with the obligation of indemnity. However, this case arose purely as a result of the personal behavior of the former employees. As the case is still under trial proceedings, the ultimate outcome and amount of the lawsuit cannot presently be determined. However, the Company has engaged a lawyer to submit a strong defense to protect the Company's rights and interests.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

There was no significant change during this period. Refer to Note 12 to the consolidated financial statements as of and for the year ended December 31, 2023 for related information.

(2) Financial instruments

A. Financial instruments by category

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|---|-----------------------|--------------------------|-----------------------|
| <u>Financial assets</u> | | | |
| Financial assets at fair value through profit or loss | \$ - | \$ - | \$ 98 |
| Financial assets at fair value through other comprehensive income | 29,840,217 | 33,863,521 | 35,323,657 |
| Financial assets at amortized cost | <u>8,552,387</u> | <u>7,608,523</u> | <u>8,662,989</u> |
| | <u>\$ 38,392,604</u> | <u>\$ 41,472,044</u> | <u>\$ 43,986,744</u> |
| <u>Financial liabilities</u> | | | |
| Financial liabilities at fair value through profit or loss | \$ - | \$ 479 | \$ - |
| Financial liabilities at amortized cost | 16,003,775 | 15,496,965 | 18,615,828 |
| Lease liabilities | <u>946,856</u> | <u>916,769</u> | <u>904,985</u> |
| | <u>\$ 16,950,631</u> | <u>\$ 16,414,213</u> | <u>\$ 19,520,813</u> |

Note: Financial assets at amortized cost includes cash and cash equivalents, notes and accounts receivable (including related parties), financial assets at amortized cost and other receivables; financial liabilities at amortized cost includes short-term borrowings, short-term notes and bills payable, notes and accounts payable (including related parties), other payables and long-term borrowings.

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risk: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The financial risk management policies of the Group focus on unpredictable factors in financial market, and aim to reduce unfavorable impact on financial position and financial performance.
- (b) Risk management is carried out by a central treasury department under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. Some of the Group's transactions are conducted in foreign currencies, which are subject to exchange rate fluctuation. The information on foreign currency denominated assets and liabilities are as follows:

| March 31, 2024 | | | |
|------------------------------|--|---------------|---------------------|
| | Foreign Currency Amount (In Thousands) | Exchange Rate | Book Value (NTD) |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 64,431 | 31.99 | \$ 2,061,148 |
| JPY:NTD | 657,511 | 0.21 | 138,077 |
| USD:RMB | 14,664 | 7.10 | 469,101 |
| USD:VND | 23,318 | 24,798.45 | 745,943 |
| <u>Non-monetary items</u> | | | |
| VND:NTD | 4,972,157,364 | 0.0013 | 6,463,805 |
| RMB:NTD | 786,335 | 4.51 | 3,546,371 |
| HKD:NTD | 902,538 | 4.08 | 3,682,355 |
| CHF:NTD | 25,857 | 35.480 | 917,406 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:VND | 74,483 | 24,798.45 | 2,382,711 |
| | | | |
| December 31, 2023 | | | |
| | Foreign Currency Amount (In Thousands) | Exchange Rate | Book Value (NTD) |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 90,757 | 30.74 | \$ 2,789,870 |
| JPY:NTD | 601,985 | 0.22 | 132,437 |
| USD:RMB | 15,589 | 7.08 | 479,206 |
| USD:VND | 20,507 | 24,242.90 | 630,385 |
| <u>Non-monetary items</u> | | | |
| VND:NTD | 4,992,790,221 | 0.0013 | 6,490,627 |
| RMB:NTD | 766,759 | 4.34 | 3,327,734 |
| HKD:NTD | 311,163 | 3.93 | 1,222,871 |
| CHF:NTD | 28,340 | 36.485 | 1,033,985 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:VND | 70,623 | 24,242.9 | 2,170,951 |

| | March 31, 2023 | | |
|--|--|---------------|---------------------|
| | Foreign Currency Amount (In Thousands) | Exchange Rate | Book Value (NTD) |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 125,771 | 30.4500 | \$ 3,829,727 |
| USD:RMB | 21,685 | 6.87 | 660,308 |
| USD:VND | 25,191 | 23,459.17 | 767,066 |
| <u>Non-monetary items</u> | | | |
| VND:NTD | 5,244,322,034 | 0.0013 | 6,817,619 |
| RMB:NTD | 752,585 | 4.43 | 3,333,952 |
| HKD:NTD | 319,047 | 3.87 | 1,234,712 |
| CHF:NTD | 31,917 | 33.28 | 1,062,198 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:VND | 81,690 | 23,459.17 | 2,487,461 |
| ii. The total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2024 and 2023, amounted to \$72,354 and (\$42,738), respectively. | | | |
| iii. Analysis of foreign currency market risk arising from significant foreign exchange variation: | | | |

| Three months ended March 31, 2024 | | | |
|-----------------------------------|---------------------|-----------------------------|--|
| Sensitivity analysis | | | |
| | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | 1% | \$ 20,611 | \$ - |
| JPY:NTD | 1% | 1,381 | - |
| USD:RMB | 1% | 4,691 | - |
| USD:VND | 1% | 7,459 | - |
| <u>Non-monetary items</u> | | | |
| VND:NTD | 1% | - | 64,638 |
| RMB:NTD | 1% | - | 35,464 |
| HKD:NTD | 1% | - | 36,824 |
| CHF:NTD | 1% | - | 9,174 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:VND | 1% | 23,827 | - |

| Three months ended March 31, 2023 | | | |
|-----------------------------------|---------------------|--------------------------|--------------------------------------|
| Sensitivity analysis | | | |
| | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | 1% | \$ 38,297 | \$ - |
| USD:RMB | 1% | 6,603 | - |
| USD:VND | 1% | 7,671 | - |
| <u>Non-monetary items</u> | | | |
| VND:NTD | 1% | - | 68,176 |
| RMB:NTD | 1% | - | 33,340 |
| HKD:NTD | 1% | - | 12,347 |
| CHF:NTD | 1% | - | 10,622 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:VND | 1% | 24,875 | - |

Price risk

- i The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares, open-end funds and beneficiary certificates issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the three months ended March 31, 2024 and 2023 would have increased/decreased by \$0 and \$0, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$298,402 and \$353,237, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the three months ended March 31, 2024 and 2023, the Group's borrowings at variable rate were denominated in the NTD and USD.

- ii. The Group's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
 - iii. If the borrowing interest rate of NTD dollars had increased/decreased by 1% with all other variables held constant, profit, net of tax for the three months ended March 31, 2024 and 2023 would have decreased/increased by \$79,200 and \$76,800, respectively. The main factor is that changes in interest expense result from floating rate borrowings.
- (b) Credit risk
- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
 - ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with good rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
 - iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - iv. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
 - v. The Group classifies customer's accounts receivable and contract assets in accordance with product types and customer types. The Group applies the simplified approach using the provision matrix to estimate expected credit loss.
 - vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
 - vii. The Group uses the forecastability of National Development Council Business Cycle Indicator to adjust historical and timely information to assess the default possibility of notes receivable, accounts receivable and contract assets. As of March 31, 2024, December 31, 2023 and March 31, 2023, the provision matrix is as follows:

| | Not past due | Up to 30 days past due | 31~90 days past due | Over 90 days past due | Total |
|--------------------------|--------------|---------------------------|------------------------|-----------------------------|--------------|
| <u>At March 31, 2024</u> | | | | | |
| Expected loss rate | 0.17%~16% | 8%~100% | 57%~100% | 100% | |
| Total book value | \$ 2,782,519 | \$ 38,517 | \$ 8,029 | \$ 11,462 | \$ 2,840,527 |
| Loss allowance | 25,249 | 3,068 | 4,595 | 11,462 | 44,374 |
| | Not past due | Up to 30 days past due | 31~90 days past due | Over 90 days past due | Total |
| <u>2023</u> | | | | | |
| Expected loss rate | 1% | 10% | 72% | 100% | |
| Total book value | \$ 2,096,891 | \$ 32,249 | \$ 5,816 | \$ 18,559 | \$ 2,153,515 |
| Loss allowance | 17,370 | 3,363 | 4,202 | 18,559 | 43,494 |
| | Not past due | Up to 30 days past due | 31~90 days past due | Over 90 days past due | Total |
| <u>At March 31, 2023</u> | | | | | |
| Expected loss rate | 1% | 25% | 50% | 100% | |
| Total book value | \$ 2,618,615 | \$ 35,231 | \$ 20,792 | \$ 23,293 | \$ 2,697,931 |
| Loss allowance | 21,298 | 8,869 | 10,371 | 23,293 | 63,831 |

- viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes receivable, accounts receivable and contract assets are as follows:

| | 2024 | |
|----------------------------|------------------|---------------------|
| | Notes receivable | Accounts receivable |
| At January 1 | \$ - | (\$ 43,494) |
| Effect of foreign exchange | - | (880) |
| At March 31 | \$ - | (\$ 44,374) |
| | 2023 | |
| | Notes receivable | Accounts receivable |
| At January 1 | \$ - | (\$ 63,735) |
| Effect of foreign exchange | - | (96) |
| At March 31 | \$ - | (\$ 63,831) |

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, commercial paper and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As at March 31, 2024, December 31, 2023 and March 31, 2023, the Group held money market position of \$34,761,236, \$38,850,765 and \$40,469,747, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities.

| | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years |
|--|---------------------|--------------------------|--------------------------|----------------------|
| Long-term borrowings (including current portion) | | | | |
| March 31, 2024 | \$ - | \$ 9,900,000 | \$ - | \$ - |
| December 31, 2023 | 197,767 | 10,523,977 | - | - |
| March 31, 2023 | 130,352 | 8,373,803 | 1,425,960 | - |
| Lease liability | | | | |
| March 31, 2024 | \$ 159,173 | \$ 151,519 | \$ 369,627 | \$ 266,537 |
| December 31, 2023 | 155,278 | 142,596 | 358,247 | 260,648 |
| March 31, 2023 | 146,391 | 124,921 | 316,339 | 317,275 |

- (d) The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value estimation

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been 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. A market is regarded as active where 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. The fair value of the Group's investment in listed stocks and beneficiary certificates with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in some unlisted stocks and most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets at amortized cost, notes receivable (including related parties), accounts receivable (including related parties), other receivables, short-term borrowings, short-term bills payable, notes payable (including related parties), accounts payable (including related parties), other payables and long-term borrowings (including current portion) are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

| <u>March 31, 2024</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--------------------------------|----------------------|-------------------|---------------------|----------------------|
| Assets: | | | | |
| <u>Recurring fair value</u> | | | | |
| <u>measurements</u> | | | | |
| Financial assets at fair value | | | | |
| through other | | | | |
| comprehensive income | | | | |
| Equity securities | <u>\$ 26,606,941</u> | <u>\$ 318,200</u> | <u>\$ 2,915,076</u> | <u>\$ 29,840,217</u> |
| <u>December 31, 2023</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Assets: | | | | |
| <u>Recurring fair value</u> | | | | |
| <u>measurements</u> | | | | |
| Financial assets at fair value | | | | |
| through other | | | | |
| comprehensive income | | | | |
| Equity securities | <u>\$ 30,868,835</u> | <u>\$ 322,900</u> | <u>\$ 2,671,786</u> | <u>\$ 33,863,521</u> |
| Liabilities: | | | | |
| <u>Recurring fair value</u> | | | | |
| <u>measurements</u> | | | | |
| Financial liabilities at fair | | | | |
| value through profit or loss | | | | |
| Forward exchange contracts | <u>\$ -</u> | <u>\$ 479</u> | <u>\$ -</u> | <u>\$ 479</u> |

| <u>March 31, 2023</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------------|-------------------|---------------------|----------------------|
| Assets: | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| Financial assets at fair value through profit or loss | \$ - | \$ 98 | \$ - | \$ 98 |
| Financial assets at fair value through comprehensive income | <u>32,438,875</u> | <u>359,600</u> | <u>2,525,182</u> | <u>35,323,657</u> |
| Equity securities | <u>\$ 32,438,875</u> | <u>\$ 359,698</u> | <u>\$ 2,525,182</u> | <u>\$ 35,323,755</u> |

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

| | <u>Listed shares</u> | <u>Open-end fund</u> |
|---|----------------------|------------------------|
| | <u>Closing price</u> | <u>Net asset value</u> |
| Market quoted price | | |
| ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques such as current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including applying a model using market information available at the consolidated balance sheet date. | | |
| iii. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. | | |
| iv. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality. | | |

D. For the three months ended March 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the three months ended March 31, 2024 and 2023:

| | <u>Three months ended March 31, 2024</u> |
|--|--|
| | <u>Non-derivative equity instruments</u> |
| At January 1 | \$ 2,671,786 |
| Recorded as unrealized gains on valuation of investments in equity instruments measured at fair value through other comprehensive income | <u>243,290</u> |
| At March 31 | <u>\$ 2,915,076</u> |

| | Three months ended March 31, 2023 |
|--|-----------------------------------|
| | Non-derivative equity instruments |
| At January 1 | \$ 2,409,658 |
| Recorded as unrealized gains on valuation of investments in equity instruments measured at fair value through other comprehensive income | 115,524 |
| At March 31 | \$ 2,525,182 |

- F. The accounting department is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

The accounting department sets up valuation policies, valuation processes and rules for measuring fair value of financial instruments and ensures compliance with the related requirements in IFRS. The related valuation results are reported to the supervisor of accounting department monthly. The supervisor is responsible for managing and reviewing valuation processes.

- G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

| | Fair value at March 31, 2024 | Valuation technique | Significant unobservable input | Relationship of inputs to fair value |
|-----------------------------------|---------------------------------|-----------------------------|---|---|
| Non-derivative equity instrument: | | | | |
| Unlisted shares | \$ 97,933 | Market comparable companies | Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability | The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value |
| | 2,817,143 | Net asset value | Not applicable | Not applicable |

| | Fair value at December 31, 2023 | Valuation technique | Significant unobservable input | Relationship of inputs to fair value |
|---|---------------------------------------|-----------------------------------|---|---|
| Non-derivative equity instrument: | | | | |
| Unlisted shares | \$ 97,093 | Market comparable companies | Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability | The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value |
| | 2,574,693 | Net asset value | Not applicable | Not applicable |

| | Fair value at March 31, 2023 | Valuation technique | Significant unobservable input | Relationship of inputs to fair value |
|---|---------------------------------|-----------------------------------|---|---|
| Non-derivative equity instrument: | | | | |
| Unlisted shares | \$ 98,309 | Market comparable companies | Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability | The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value |
| | 2,426,873 | Net asset value | Not applicable | Not applicable |

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

| | | March 31, 2024 | | |
|-------------------|--|------------------------------|--------------|--|
| | | Recognized in profit or loss | | |
| | | Favourable | Unfavourable | |
| | Input | change | change | |
| Financial assets | | | | |
| Equity instrument | Price to earnings ratio multiple, price to book ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability | ±1% | | |
| | | \$ 979 | \$ 979 | |
| | | December 31, 2023 | | |
| | | Recognized in profit or loss | | |
| | | Favourable | Unfavourable | |
| | Input | change | change | |
| Financial assets | | | | |
| Equity instrument | Price to earnings ratio multiple, price to book ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability | ±1% | | |
| | | \$ 971 | \$ 971 | |
| | | March 31, 2023 | | |
| | | Recognized in profit or loss | | |
| | | Favourable | Unfavourable | |
| | Input | change | change | |
| Financial assets | | | | |
| Equity instrument | Price to earnings ratio multiple, price to book ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability | ±1% | | |
| | | \$ 983 | \$ 983 | |

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 3.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Refer to Notes 6(2), 6(13) and 12(2).

J. Significant inter-company transactions during the reporting periods: Refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 7.

(4) Major shareholders information

Major shareholders information: Refer to table 8.

14. SEGMENT INFORMATION

(1) General information

A. The Group operates and sets policies from product and service perspective; thus, management also identifies reportable segments using the same method.

B. The Group has three reportable segments: First business group, Second business group consisting of Cord fabric department and Gasoline department. Details are as follows:

(a) First business group: Mainly produces and sells woven, dyeing and finishing products and manages plants of overseas subsidiaries—Formosa Taffeta (Zhong Shan) Co., Ltd., Formosa Taffeta Vietnam Co., Ltd. and Formosa Taffeta (Hong Kong) Co., Ltd., etc.

(b) Cord fabric department: Mainly produces and provides tire cords.

(c) Gasoline department: Mainly operates gasoline stations, sells gasoline and provides car washing.

(2) Measurement of segment information

The measurement based on each operating segment's profit before tax excludes the effects of non-recurring expenditure, i.e. from the unrealized gain or loss on financial instruments. Furthermore, interest income and expense are not allocated to operating segments.

(3) Information about segment profit or loss and assets

| Three months ended March 31, 2024 | | | | | | |
|--|-------------------------|---------------------------|------------------------|---------------------|-----------------------------|----------------------|
| | First business group | Second business group | | | Adjustment and write-off | Total |
| | | Cord fabric department | Gasoline department | Other segment | | |
| <u>Segment revenue</u> | | | | | | |
| Revenue from external customers | \$ 3,271,298 | \$ 806,609 | \$ 2,688,229 | \$ 403,695 | \$ - | \$ 7,169,831 |
| Inter-segment revenue | 211,958 | 11,405 | - | 41,994 | (265,357) | - |
| Total segment revenue | <u>\$ 3,483,256</u> | <u>\$ 818,014</u> | <u>\$ 2,688,229</u> | <u>\$ 445,689</u> | <u>(\$ 265,357)</u> | <u>\$ 7,169,831</u> |
| Segment income | <u>\$ 287,447</u> | <u>(\$ 72,045)</u> | <u>\$ 86,371</u> | <u>(\$ 53,802)</u> | <u>(\$ 724)</u> | <u>\$ 247,247</u> |
| <u>Segment assets</u> | | | | | | |
| Identifiable assets | <u>\$ 13,369,931</u> | <u>\$ 5,015,033</u> | <u>\$ 1,215,470</u> | <u>\$ 2,037,420</u> | <u>(\$ 139,965)</u> | \$ 21,497,889 |
| Investments accounted for using the equity method | | | | | | 8,845,119 |
| General assets | | | | | | 37,786,912 |
| Total assets | | | | | | <u>\$ 68,129,920</u> |

| | Three months ended March 31, 2023 | | | | | |
|---|-----------------------------------|------------------------|---------------------|---------------------|--------------------------|---------------------|
| | | Second business group | | | | |
| | First business group | Cord fabric department | Gasoline department | Other segment | Adjustment and write-off | Total |
| <u>Segment revenue</u> | | | | | | |
| Revenue from external customers | \$ 3,491,079 | \$ 984,574 | \$ 2,746,411 | \$ 430,639 | \$ - | \$ 7,652,703 |
| Inter-segment revenue | 153,097 | 50,469 | - | 52,190 | (255,756) | - |
| Total segment revenue | <u>\$ 3,644,176</u> | <u>\$ 1,035,043</u> | <u>\$ 2,746,411</u> | <u>\$ 482,829</u> | <u>(\$ 255,756)</u> | <u>\$ 7,652,703</u> |
| Segment income | <u>\$ 248,886</u> | <u>(\$ 125,273)</u> | <u>\$ 78,342</u> | <u>\$ 5,381</u> | <u>(\$ 84,659)</u> | <u>\$ 122,677</u> |
| <u>Segment assets</u> | | | | | | |
| Identifiable assets | <u>\$ 14,852,718</u> | <u>\$ 5,491,001</u> | <u>\$ 1,155,919</u> | <u>\$ 1,836,214</u> | <u>(\$ 140,266)</u> | \$ 23,195,586 |
| Investments accounted for using the equity method | | | | | | 9,613,995 |
| General assets | | | | | | <u>43,454,006</u> |
| Total assets | | | | | | \$ 76,263,587 |

(4) Reconciliation for segment income (loss)

- A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.
- B. The total consolidated profit after adjustment and reconciliation information for profit after tax of reportable segments are provided in Note 14(3).

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the three months ended March 31, 2024

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

| Number (Note 1) | Endorser/ guarantor | Party being endorsed/guaranteed Relationship with the endorser/ guarantor (Note 2) | Limit on endorsements/ guarantees provided for a single party (Note 3,8) | Maximum outstanding endorsement/ guarantee amount as of March 31, 2024 (Note 4) | Outstanding endorsement/ guarantee amount at March 31, 2024 (Note 5) | Actual amount drawn down (Note 6) | Amount of endorsements/ guarantees secured with collateral | Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor | Ceiling on total amount of endorsements/ guarantees provided (Note 3,8) | Provision of endorsements/ guarantees by parent company to subsidiary (Note 7) | Provision of endorsements/ guarantees by subsidiary to parent company (Note 7) | Provision of endorsements/g uarantees to the party in Mainland China (Note 7) | Footnote | |
|--------------------|---------------------------------|--|---|--|--|---|--|---|--|---|--|---|----------|--|
| | | | | | | | | | | | | | | |
| 0 | FORMOSA TAFFETA CO., LTD. | FORMOSA TAFFETA (ZHONG SHAN) CO., LTD. | 2 | \$ 32,619,434 | \$ 1,056,000 | \$ 1,056,000 | \$ - | \$ - | 2.10 | \$ 65,238,868 | Y | N | Y | |
| 0 | FORMOSA TAFFETA CO., LTD. | FORMOSA TAFFETA VIETNAM CO., LTD. | 2 | 32,619,434 | 1,376,000 | 1,376,000 | 286,241 | - | 2.74 | 65,238,868 | Y | N | N | |
| 0 | FORMOSA TAFFETA CO., LTD. | FORMOSA TAFFETA (CHANGSHU) CO., LTD. | 2 | 32,619,434 | 1,760,000 | 1,760,000 | 88,798 | - | 3.51 | 65,238,868 | Y | N | Y | |
| 0 | FORMOSA TAFFETA CO., LTD. | FORMOSA TAFFETA DONG NAI CO., LTD. | 2 | 32,619,434 | 4,240,000 | 4,240,000 | 2,105,302 | - | 8.45 | 65,238,868 | Y | N | N | |

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories.

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3)The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4)The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7)Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Note 8: In accordance with the Company's procedures of endorsements and guarantees, limit on the Company's total guarantee amount is 1.3 times of the Company's net assets, and limit on endorsement/guarantee to a single party is 50% of the aforementioned total amount.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

For the three months ended March 31, 2024

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

| Securities held by | Marketable securities (Note 1) | Relationship with the securities issuer (Note 2) | General ledger account | As of March 31, 2024 | | | | Footnote (Note 4) |
|----------------------------------|--|---|--|----------------------|------------------------|---------------|------------|----------------------|
| | | | | Number of shares | Book value (Note 3) | Ownership (%) | Fair value | |
| FORMOSA TAFFETA CO., LTD. | FORMOSA CHEMICALS & FIBRE CORPORATION | Ultimate parent company | Current financial assets at fair value through other comprehensive income | 12,169,610 | \$ 671,762 | 0.21 | \$ 671,762 | |
| FORMOSA TAFFETA CO., LTD. | PACIFIC ELECTRIC WIRE AND CABLE CO., LTD. | - | Current financial assets at fair value through other comprehensive income | 35 | - | - | - | |
| FORMOSA TAFFETA CO., LTD. | FORMOSA PLASTICS CORPORATION | Other related party | Current financial assets at fair value through other comprehensive income | 640 | 44 | - | 44 | |
| FORMOSA TAFFETA CO., LTD. | NAN YA PLASTICS CORPORATION | Other related party | Current financial assets at fair value through other comprehensive income | 482,194 | 27,003 | 0.01 | 27,003 | |
| FORMOSA TAFFETA CO., LTD. | ASIA PACIFIC INVESTMENT CO. (APIC) | Other related party | Current financial assets at fair value through other comprehensive income | 10,000,000 | 318,200 | 2.35 | 318,200 | |
| FORMOSA TAFFETA CO., LTD. | NAN YA TECHNOLOGY CORPORATION | Other related party | Non-current financial assets at fair value through other comprehensive income | 7,711,010 | 522,035 | 0.25 | 522,035 | |
| FORMOSA TAFFETA CO., LTD. | FORMOSA PETROCHEMICAL CORP. | Other related party | Non-current financial assets at fair value through other comprehensive income | 365,267,576 | 25,386,096 | 3.83 | 25,386,096 | |
| FORMOSA TAFFETA CO., LTD. | SYNTRONIX CORPORATION | - | Non-current financial assets at fair value through other comprehensive income | 234,166 | 10,615 | 0.54 | 10,615 | |
| FORMOSA TAFFETA CO., LTD. | TOA RESIN CORPORATION LIMITED | Other related party | Non-current financial assets at fair value through other comprehensive income | 14,400 | 41,211 | 10.00 | 41,211 | |
| FORMOSA TAFFETA CO., LTD. | SHIN YUN GAS CO., LTD. | - | Non-current financial assets at fair value through other comprehensive income | 948,409 | 27,741 | 1.20 | 27,741 | |
| FORMOSA TAFFETA CO., LTD. | FG INC | Other related party | Non-current financial assets at fair value through other comprehensive income | 600 | 275,573 | 3.00 | 275,573 | |
| FORMOSA TAFFETA CO., LTD. | NKFG | Other related party | Non-current financial assets at fair value through other comprehensive income | 1,838,426 | 18,366 | 1.16 | 18,366 | |
| FORMOSA TAFFETA CO., LTD. | FORMOSA HA TINH (CAYMAN) LIMITED | Other related party | Non-current financial assets at fair value through other comprehensive income | 209,010,676 | 2,541,570 | 3.85 | 2,541,570 | |
| FORMOSA DEVELOPMENT CO., LTD. | FORMOSA TAFFETA CO., LTD. | Parent company | Non-current financial assets at fair value through other comprehensive income | 2,193,228 | 48,690 | 0.13 | 48,690 | |

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

FORMOSA TAFFETA 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 three months ended March 31, 2024

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

| | | | | | | | Differences in transaction terms compared to third party transactions | | | | | |
|------------------------------------|---------------------------------------|------------------------------------|-------------------|--------------|---------------------------------------|--|---|-------------|-------------------------------------|---|----------|-------------------|
| Transaction | | | | | | | (Note 1) | | Notes/accounts receivable (payable) | | | |
| Purchaser/seller | Counterparty | Relationship with the counterparty | Purchases (sales) | Amount | Percentage of total purchases (sales) | Credit term | Unit price | Credit term | Balance | Percentage of total notes/accounts receivable (payable) | | Footnote (Note 2) |
| FORMOSA TAFFETA CO., LTD. | FORMOSA PETROCHEMICAL CORP. | Other related party | Purchases | \$ 2,369,310 | 58.65 | Pay every 15 days by mail transfer | \$ - | - | Accounts payable | (\$ 411,454) | (51.73) | |
| FORMOSA TAFFETA CO., LTD. | FORMOSA CHEMICALS & FIBRE CORPORATION | Ultimate parent company | Purchases | 164,180 | 4.06 | Draw promissory notes due in 2 months after inspection | - | - | Notes payable | (89,105) | (37.55) | |
| | | | | | | | | | | (231,058) | (29.15) | |
| FORMOSA TAFFETA CO., LTD. | NAN YA PLASTICS CORPORATION | Other related party | Purchases | 177,169 | 4.39 | Payment will be made by wire transfer on the 15 days of the following 60 days after monthly billings | - | - | Accounts payable | (85,039) | (10.69) | |
| FORMOSA TAFFETA DONG NAI CO., LTD. | FORMOSA TAFFETA VIETNAM CO., LTD. | Associate | Sales | (120,622) | (15) | | - | - | Accounts receivable | 42,810 | 7.64 | |
| FORMOSA TAFFETA DONG NAI CO., LTD. | FORMOSA INDUSTRY CO., LTD | Associate | Purchases | 108,527 | 19.01 | 60 days after monthly billings | - | - | Accounts payable | (23,860) | (26.42) | |

Note 1: If terms of related party transactions are different from third party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 4: The transactions are disclosed by presenting revenues. The related transactions are not disclosed.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the three months ended March 31, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | Transaction | | | Percentage of consolidated total operating revenues or total assets (Note 3) |
|--------------------|---------------------------|---------------------------------------|--------------------------|------------------------|------------|--|---|
| | | | | General ledger account | Amount | Transaction terms | |
| 0 | FORMOSA TAFFETA CO., LTD. | FORMOSA CHEMICALS & FIBRE CORPORATION | 1 | Purchases | \$ 164,180 | Draw promissory notes due in 2 months after inspection | 2.29 |
| 0 | FORMOSA TAFFETA CO., LTD. | FORMOSA CHEMICALS & FIBRE CORPORATION | 1 | Notes payable | 89,105 | Draw promissory notes due in 2 months after inspection | 0.12 |
| 0 | FORMOSA TAFFETA CO., LTD. | FORMOSA CHEMICALS & FIBRE CORPORATION | 1 | Accounts payable | 231,058 | Draw promissory notes due in 2 months after inspection | 0.32 |

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and base accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The amount of transactions which is listed in the table is determined by its material.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
Information on investees
For the three months ended March 31, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investor | Investee (Notes 1 and 2) | Location | Main business activities | Initial investment amount | | Shares held as at March 31, 2024 | | | Net profit (loss) of the investee for the three months ended March 31, 2024 (Note 2(2)) | Investment income (loss) recognized by the company for the three months ended March 31, 2024 (Note 2(3)) | Footnote |
|---------------------------------|--|-------------|---|---------------------------------|------------------------------------|----------------------------------|---------------|--------------|---|---|----------|
| | | | | Balance as at March 31, 2024 | Balance as at December 31, 2023 | Number of shares | Ownership (%) | Book value | | | |
| | | | | | | | | | | | |
| FORMOSA TAFFETA CO., LTD. | FORMOSA TAFFETA (HONG KONG) CO., LTD. | Hong Kong | Sale of spun fabrics and filament textile | \$ 2,758,947 | \$ 2,758,947 | - | 100.00 | \$ 3,682,353 | \$ 38,744 | \$ 38,744 | |
| FORMOSA TAFFETA CO., LTD. | FORMOSA ADVANCED TECHNOLOGIES CO., LTD. | Taiwan | IC assembly, testing and modules | 1,762,711 | 1,762,711 | 135,686,472 | 30.68 | 5,002,732 | 347,841 | 106,718 | |
| FORMOSA TAFFETA CO., LTD. | FORMOSA DEVELOPMENT CO., LTD. | Taiwan | Handling urban land consolidation, development, rent and sale of industrial plants, residences and building | 114,912 | 114,912 | 16,100,000 | 100.00 | 182,368 | 2,830 | 2,830 | |
| FORMOSA TAFFETA CO., LTD. | FORMOSA TAFFETA VIETNAM CO., LTD. | Vietnam | Production, processing, further processing various yam and cotton cloth, and dyeing and finishing clothes, curtains, towels, bed covers and carpets | 1,709,221 | 1,709,221 | - | 100.00 | 2,417,615 | 57,211 | 57,211 | |
| FORMOSA TAFFETA CO., LTD. | QUANG VIET ENTERPRISE CO., LTD. | Taiwan | Processing and producion of ready-to-wear, processing and trading of cotton cloth, and import and export of the aforementioned products | 213,771 | 213,771 | 18,595,352 | 17.98 | 1,417,676 (| 126,462) (| 18,188) | |
| FORMOSA TAFFETA CO., LTD. | FORMOSA INDUSTRIES CORPORATION | Vietnam | Synthetic fiber, spinning, weaving, dyeing and finishing and electricity generation | 1,987,122 | 1,987,122 | - | 10.00 | 1,310,959 (| 489,745) (| 48,974) | |
| FORMOSA TAFFETA CO., LTD. | SCHOELLER TEXTIL AG | Switzerland | Textile R&D, production and sales | 1,285,507 | 1,285,507 | 21,874 | 50.00 | 917,274 (| 113,766) (| 56,883) | |

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
Information on investees
For the three months ended March 31, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investor | Investee (Notes 1 and 2) | Location | Main business activities | Initial investment amount | | Shares held as at March 31, 2024 | | | Net profit (loss) of the investee for the three months ended March 31, 2024 | Investment income (loss) recognized by the company for the three months ended March 31, 2024 | Footnote |
|--|--|----------|--|---------------------------------|------------------------------------|----------------------------------|---------------|------------|--|--|----------|
| | | | | Balance as at March 31, 2024 | Balance as at December 31, 2023 | Number of shares | Ownership (%) | Book value | (Note 2(2)) | (Note 2(3)) | |
| | | | | | | | | | | | |
| FORMOSA TAFFETA CO., LTD. | NAN YA PHOTONICS INCORPORATION | Taiwan | Manufacturing, installing, and supervising the engineer design of LED illumination systems/illumination arrangements | \$ 263,327 | \$ 263,327 | 7,013,871 | 15.22 | \$ 177,651 | \$ 15,431 | \$ 2,348 | |
| FORMOSA TAFFETA CO., LTD. | FORMOSA TAFFETA DONG NAI CO., LTD. | Vietnam | Production, processing and sale of various dyeing and finishing textiles and yarn | 2,806,938 | 2,806,938 | - | 100.00 | 2,685,509 | (33,928) | (33,928) | |
| FORMOSA DEVELOPMENT CO., LTD. | FORMOSA ADVANCED TECHNOLOGIES CO., LTD. | Taiwan | IC assembly, testing and modules | 21,119 | 21,119 | 469,500 | 0.11 | 17,117 | 347,841 | 369 | |
| FORMOSA DEVELOPMENT CO., LTD. | PUBLIC MORE INTERNATIONAL COMPANY LTD. | Taiwan | Employment service, manpower allocation and agency service etc | 5,000 | 5,000 | - | 100.00 | 17,975 | 1,360 | 1,360 | |
| PUBLIC MORE INTERNATIONAL COMPANY LTD. | QUANG VIET ENTERPRISE CO., LTD. | Taiwan | Processing and production of ready-to-wear, processing and trading of cotton cloth, and import and export of the aforementioned products | 1,591 | 1,591 | 15,000 | 0.01 | 1,710 | (126,462) | (18) | |

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at March 31, 2024' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2)The 'Net profit (loss) of the investee for the three months ended March 31, 2024' column should fill in amount of net profit (loss) of the investee for this period.
- (3)The 'Investment income (loss) recognised by the Company for the three months ended March 31, 2024' column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the three months ended March 31, 2024

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investee in Mainland China | Main business activities | Paid-in capital | Investment method (Note 1) | Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024 | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three months ended March 31, 2024 | | Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2024 | Net income of investee for the three months ended March 31, 2024 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognized by the Company for the three months ended March 31, 2024 (Note 2) | Book value of investments in Mainland China as of March 31, 2024 | Accumulated amount of investment income remitted back to Taiwan as of March 31, 2024 | | Footnote |
|--|--|-----------------|----------------------------------|---|---|----------------------------|--|---|--|---|--|--|--|----------|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | | | |
| | | | | | | | | | | | | | | |
| FORMOSA TAFFETA (ZHONG SHAN) CO., LTD. | Production and sale of polyester and polyamide fabrics | \$ 1,402,085 | (2) | \$ 1,402,085 | \$ - | \$ - | \$ 1,402,085 | \$ 35,671 | 100.00 | \$ 35,671 | \$ 2,408,721 | \$ 43,914 | | Note 3 |
| FORMOSA TAFFETA (CHANGSHU) CO., LTD. | Weaving and dyeing as well as post dressing of high-grade loomage face fabric | 1,302,019 | (2) | 1,334,739 | - | - | 1,334,739 | 3,740 | 100.00 | 3,740 | 1,131,826 | - | | Note 4 |

Note 1: Investment methods are classified into the following three categories:
(1) Directly invest in a company in Mainland China.
(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
(3) Others

Note 2: The amount of ‘Investment income (loss) recognized by the Company for the three months ended March 31, 2024 was based on the financial statement that were audited by the Company's auditors

Note 3: The Company's paid-in capital and accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024 and March 31, 2024 are both US\$46,400,000 (remitted out US\$46,388,800 and equipment amounted to US\$11,200).

Note 4: The Company’s paid-in capital and accumulated amount of remittance from Taiwan to Mainland China was US\$42,000,000. Formosa Taffeta (Changshu) Co., Ltd. reduced its capital amounting to US\$900,000 and divided the housing land to establish a new company named Changshu Fushun Enterprise Management Co., Ltd. in March 2015. Thus, the original currency of paid-in capital and accumulated amount of remittance from Taiwan as of March 31, 2024 was US\$41,100,000. Chang Shu Yu Yuan Development Co., Ltd. was merged with Chang Shu Fushan Enterprise Management Co.,Ltd. in the third quarter of 2015, Chang Shu Yu Yuan Development Co.,Ltd is the surviving compar the company was liquidated in 2022.

| Company name | Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2024 | Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) | Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA |
|--|---|--|---|
| FORMOSA TAFFETA (ZHONG SHAN) CO., LTD. | \$ 1,402,085 | \$ 1,484,800 | \$ 30,110,247 |
| FORMOSA TAFFETA (CHANGSHU) CO., LTD. | 1,334,739 | 1,344,000 | 30,110,247 |

Note :

(1)The investment in FORMOSA TAFFETA (ZHONG SHAN) CO., LTD. approved by the Investment Commission of MOEA is US\$46,400,000.

(2)The investment in FORMOSA TAFFETA (CHANG SHU) CO., LTD. approved by the Investment Commission of MOEA is US\$42,000,000, FORMOSA TAFFETA (CHANG SHU) CO., LTD was split up, reduced its paid-in capital and formed Chang Shu Fushun Enterprise Management Co.,Ltd. Chang Shu Fushun Enterprise Management Co.,Ltd. was dissolved after the merger with Chang Shu Yu Yuan Development Co.,Ltd. in the third quater of 2015. CHANG SHU YU YUAN DEVELOPMENT CO., Ltd. was liquidated in 2022.

(3)The original currency of paid-in capital was translated at USD:TWD = 1:32

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the three months ended March 31, 2024

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

| Investee in Mainland China | Sale (purchase) | | Property transaction | | Accounts receivable (payable) | | Provision of endorsements/guarantees or collaterals | | Financing | | | | |
|--|-----------------|------|----------------------|---|-------------------------------|------|---|---|--|---------------------------|---------------|---|--------|
| | Amount | % | Amount | % | Balance at March 31, 2024 | % | Balance at March 31, 2024 | Purpose | Maximum balance during the three months ended March 31, 2024 | Balance at March 31, 2024 | Interest rate | Interest during the three months ended March 31, 2024 | Others |
| FORMOSA TAFFETA (ZHONG SHAN) CO., LTD. | \$ 3,382 | 0.06 | \$ - | - | \$ 2,381 | 0.14 | \$ 1,056,000 | For short-tem loans from financial institutions | \$ - | \$ - | - | \$ - | - |
| FORMOSA TAFFETA (CHANGSHU) CO., LTD. | 2,470 | 0.05 | - | - | 1,154 | 0.07 | 1,760,000 | For short-tem loans from financial institutions | - | - | - | - | - |

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Information on Major Shareholders

March 31, 2024

Table 8

| Name of major shareholders | Shares | |
|---------------------------------------|---------------------|---------------|
| | Name of shares held | Ownership (%) |
| FORMOSA CHEMICALS & FIBRE CORPORATION | 630,022,431 | 37.40 |
| CHANG GUNG MEDICAL FOUNDATION | 97,599,254 | 5.79 |