

**FORMOSA TAFFETA CO., LTD.**  
**PARENT COMPANY ONLY FINANCIAL**  
**STATEMENTS AND INDEPENDENT AUDITORS’**  
**REPORT**  
**DECEMBER 31, 2024 AND 2023**

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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' REPORT TRANSLATED FROM CHINESE

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

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Formosa Taffeta Co., Ltd. (the “Company”) as at December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies. In our opinion, based on our audits and the reports of other independent auditors (refer to the *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company

only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Key audit matters***

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

Key audit matters for the Company's parent company only financial statements of the current period are stated as follows:

## ***Valuation of inventory***

### Description

Refer to Note 4(12) for accounting policy on inventory valuation, Note 5 for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(4) for description of allowance for inventory valuation losses. As of December 31, 2024, the Company's inventory and allowance for market value decline and obsolete and slow-moving inventories amounted to NT\$5,125,019 thousand and NT\$645,690 thousand, respectively.

The Company is primarily engaged in fiber dyeing and finishing, manufacturing and sales of curtains. As the textile manufacturing market is competitive, there is higher risk of incurring loss on inventory valuation. The Company recognizes inventories at the lower of cost and net realizable value, and the net realizable value is calculated based on the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. Since the calculation of net realizable value involves subjective judgement and uncertainty and the inventory is material to the financial statements, we considered the valuation of inventory a key audit matter.

#### How our audit addressed the matter

Our procedures in relation to management's assessment of the allowance for inventory valuation losses included:

- A. Assessing the reasonableness of policies and procedures on allowance for inventory valuation loss, including the reasonableness of classification of inventory in determining the net realizable value;
- B. Understanding the inventory management procedures, examining and participating in annual physical count and assessing the effectiveness of inventory management and inventory classification determined by management; and
- C. Checking the method in calculating the net realizable value of inventory and assessing the reasonableness of allowance for valuation loss.

#### ***Other matter - audits of the other independent auditors***

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. Total balances of these investments accounted for under the equity method amounted to NT\$6,870,915 thousand and NT\$7,920,382 thousand, constituting 14% and 12% of the total assets as at December 31, 2024 and 2023,

respectively, and the comprehensive loss recognized from these associates accounted for under the equity method amounted to (NT\$208,630) thousand and (NT\$239,972) thousand, constituting (1%) and (22%) of the total comprehensive (loss) income for the years then ended, respectively.

***Responsibilities of management and those charged with governance for the financial statements***

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error. In preparing the parent company only financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance, including members of the Audit Committee, are responsible for overseeing the Company’s financial reporting process.

***Auditors' responsibilities for the audit of the parent company only financial statements***

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud

may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that

achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should

not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Juanlu, Man-Yu

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Hsu, Sheng-Chung

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 7, 2025

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The accompanying parent company only 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 parent company only 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.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

			December 31, 2024		December 31, 2023	
Assets		Notes	AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,173,727	5	\$ 3,151,948	5
1120	Current financial assets at fair value through other comprehensive income	6(2)	556,971	1	1,113,183	2
1150	Notes receivable, net	6(3)	14,501	-	57,123	-
1160	Notes receivable due from related parties, net	7	6,436	-	5,930	-
1170	Accounts receivable, net	6(3)	1,389,714	3	1,158,182	2
1180	Accounts receivable due from related parties, net	7	111,563	-	121,744	-
1200	Other receivables		201,210	1	161,650	-
130X	Inventories	6(4)	4,479,329	9	4,956,047	7
1410	Prepayments		51,540	-	44,880	-
1470	Other current assets		183,364	-	190,303	-
11XX	Total current assets		9,168,355	19	10,960,990	16
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	15,479,579	31	32,750,338	48
1535	Non-current financial assets at amortised cost	6(1) and 8	211,774	-	-	-
1550	Investments accounted for using equity method	6(5)	17,770,037	36	17,630,463	26
1600	Property, plant and equipment	6(6) and 7	5,235,062	11	5,689,678	8
1755	Right-of-use assets	6(7)	850,994	2	849,017	1
1760	Investment property, net	7	404,145	1	433,722	1
1840	Deferred tax assets	6(23)	108,655	-	108,521	-
1990	Other non-current assets		49,795	-	92,353	-
15XX	Total non-current assets		40,110,041	81	57,554,092	84
1XXX	Total assets		\$ 49,278,396	100	\$ 68,515,082	100

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FORMOSA TAFFETA CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2024		December 31, 2023	
			Notes	AMOUNT	%	AMOUNT
Current liabilities						
2100	Short-term borrowings	6(8)	\$ 296	-	\$ -	-
2120	Current financial liabilities at fair value through profit or loss	6(9)	-	-	479	-
2150	Notes payable		112,620	-	115,455	-
2160	Notes payable to related parties	7	35,000	-	122,578	
2170	Accounts payable		576,842	1	395,495	1
2180	Accounts payable to related parties	7	929,655	2	751,960	1
2200	Other payables	7	882,200	2	838,122	1
2230	Current tax liabilities		24,831	-	42,202	-
2280	Current lease liabilities		165,997	-	153,623	-
2399	Other current liabilities		233,694	1	190,005	1
21XX	Total current liabilities		2,961,135	6	2,609,919	4
Non-current liabilities						
2540	Non-current portion of non-current borrowings	6(10)	8,200,000	17	10,400,000	15
2570	Deferred tax liabilities	6(23)	340,190	1	325,778	1
2580	Non-current lease liabilities		699,483	1	707,870	1
2670	Other non-current liabilities		167,071	-	119,543	-
25XX	Total non-current liabilities		9,406,744	19	11,553,191	17
2XXX	Total liabilities		12,367,879	25	14,163,110	21
Equity						
	Share capital	6(12)				
3110	Ordinary share		16,846,646	34	16,846,646	25
	Capital surplus	6(13)				
3200	Capital surplus		952,952	2	1,340,129	1
	Retained earnings	6(14)				
3310	Legal reserve		9,390,760	19	9,318,813	14
3320	Special reserve		2,214,578	4	2,214,578	3
3350	Unappropriated retained earnings		8,632,750	18	7,756,015	11
	Other equity interest	6(15)				
3400	Other equity interest		( 1,108,105)	( 2)	16,894,855	25
3500	Treasury shares		( 19,064)	-	( 19,064)	-
3XXX	Total equity		36,910,517	75	54,351,972	79
	Commitments and contingent liabilities	9				
	Subsequent events	11				
3X2X	Total liabilities and equity		\$ 49,278,396	100	\$ 68,515,082	100

The accompanying notes are an integral part of these parent company only financial statements.

**FORMOSA TAFFETA CO., LTD.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

	Items	Notes	Year ended December 31			
			2024		2023	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(16) and 7	\$ 21,302,810	100	\$ 22,011,079	100
5000	Operating costs	6(4)(20)(21) and 7	( 19,403,539)	( 91)	( 20,209,838)	( 92)
5900	Gross profit from operations		1,899,271	9	1,801,241	8
	Operating expenses	6(20)(21) and 7				
6100	Selling expenses		( 1,352,692)	( 7)	( 1,317,729)	( 6)
6200	Administrative expenses		( 494,800)	( 2)	( 487,840)	( 2)
6450	Impairment gain and reversal of impairment loss	12(2)	-	-	10,751	-
6000	Total operating expenses		( 1,847,492)	( 9)	( 1,794,818)	( 8)
6900	Net operating income		51,779	-	6,423	-
	Non-operating income and expenses					
7100	Interest income	6(17)	72,340	-	131,265	-
7010	Other income	6(18)	1,028,607	5	685,749	3
7020	Other gains and losses	6(19)	103,980	1	( 52,424)	-
7050	Finance costs	6(22)	( 193,577)	( 1)	( 199,493)	( 1)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method	6(5)	492,068	2	( 85,013)	-
7000	Total non-operating income and expenses		1,503,418	7	480,084	2
7900	Profit before income tax		1,555,197	7	486,507	2
7950	Income tax expense	6(23)	( 65,012)	-	( 41,953)	-
8200	Profit for the year		\$ 1,490,185	7	\$ 444,554	2

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FORMOSA TAFFETA CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items		Notes	Year ended December 31			
			2024		2023	
			AMOUNT	%	AMOUNT	%
	<b>Other comprehensive income (loss)</b>	6(15)				
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8311	Actuarial (losses) gains on defined benefit plan	6(11)	(\$ 102,525)	-	\$ 274,859	1
8316	Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income		( 17,826,971)	( 84)	502,824	2
8330	Share of other comprehensive loss of associates and joint ventures accounted for using the equity method		( 472,036)	( 2)	( 4,639)	-
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		( 18,401,532)	( 86)	773,044	3
	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
8361	Exchange differences on translation		254,902	1	( 197,960)	( 1)
8380	Share of other comprehensive income of associates and joint ventures accounted for using the equity method		40,180	-	90,645	1
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		295,082	1	( 107,315)	-
8300	<b>Total other comprehensive (loss) income for the year</b>		(\$ 18,106,450)	( 85)	\$ 665,729	3
8500	<b>Total comprehensive (loss) income for the year</b>		(\$ 16,616,265)	( 78)	\$ 1,110,283	5
			<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>After Tax</u>
9750	Basic and diluted earnings per share	6(24)	\$ 0.92	\$ 0.89	\$ 0.29	\$ 0.26
	Assuming shares held by subsidiaries are not deemed as treasury stock:					
	Basic and diluted earnings per share		\$ 0.92	\$ 0.88	\$ 0.29	\$ 0.26

The accompanying notes are an integral part of these parent company only financial statements.

FORMOSA TAFFETA CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	Ordinary share	Capital Reserves					Retained Earnings			Other Equity Interest			Treasury shares	Total equity
			Capital surplus, treasury share transactions	Capital surplus, difference between consideration and carrying amount of subsidiaries acquired or disposed	Capital Surplus, changes in ownership interests in subsidiaries	Capital surplus, donated assets received	Capital surplus, changes in equity of associates and joint ventures accounted for using equity method	Capital surplus, others	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		
Year ended December 31, 2023															
Balance at January 1, 2023		\$ 16,846,646	\$ 40,966	\$ 980,948	\$ 1,650	\$ 2,032	\$ 299,508	\$ 13,554	\$ 8,974,316	\$ 2,214,578	\$ 9,908,042	(\$ 805,905)	\$ 17,309,944	(\$ 19,064)	\$ 55,767,215
Profit for the year		-	-	-	-	-	-	-	-	-	444,554	-	-	-	444,554
Other comprehensive income (loss)	6(15)	-	-	-	-	-	-	-	-	-	277,277	( 107,315)	495,767	-	665,729
Total comprehensive income (loss)		-	-	-	-	-	-	-	-	-	721,831	( 107,315)	495,767	-	1,110,283
Appropriations of 2022 earnings:	6(14)														
Legal reserve		-	-	-	-	-	-	-	344,497	-	( 344,497)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	-	-	( 2,526,997)	-	-	-	( 2,526,997)
Adjustment of cash dividends paid to consolidated subsidiaries acquired		-	3,290	-	-	-	-	-	-	-	-	-	-	-	3,290
Paid expired cash dividends transferred to capital surplus		-	-	-	-	-	-	( 383)	-	-	-	-	-	-	( 383)
Expired cash dividends transferred to capital surplus		-	-	-	-	-	-	4,004	-	-	-	-	-	-	4,004
Change in the net interest of associates recognized using the equity method		-	-	-	-	-	( 5,440)	-	-	-	( 2,364)	-	2,364	-	( 5,440)
Balance at December 31, 2023		\$ 16,846,646	\$ 44,256	\$ 980,948	\$ 1,650	\$ 2,032	\$ 294,068	\$ 17,175	\$ 9,318,813	\$ 2,214,578	\$ 7,756,015	(\$ 913,220)	\$ 17,808,075	(\$ 19,064)	\$ 54,351,972
Year ended December 31, 2024															
Balance at January 1, 2024		\$ 16,846,646	\$ 44,256	\$ 980,948	\$ 1,650	\$ 2,032	\$ 294,068	\$ 17,175	\$ 9,318,813	\$ 2,214,578	\$ 7,756,015	(\$ 913,220)	\$ 17,808,075	(\$ 19,064)	\$ 54,351,972
Profit for the year		-	-	-	-	-	-	-	-	-	1,490,185	-	-	-	1,490,185
Other comprehensive income (loss)	6(15)	-	-	-	-	-	-	-	-	-	( 99,919)	295,082	( 18,301,613)	-	( 18,106,450)
Total comprehensive income (loss)		-	-	-	-	-	-	-	-	-	1,390,266	295,082	( 18,301,613)	-	( 16,616,265)
Cash dividends distributed from capital surplus		-	-	( 404,320)	-	-	-	-	-	-	-	-	-	-	( 404,320)
Appropriations of 2023 earnings:	6(14)														
Legal reserve		-	-	-	-	-	-	-	71,947	-	( 71,947)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	-	-	( 438,013)	-	-	-	( 438,013)
Adjustment of cash dividends paid to consolidated subsidiaries acquired		-	1,097	-	-	-	-	-	-	-	-	-	-	-	1,097
Paid expired cash dividends transferred to capital surplus		-	-	-	-	-	-	( 207)	-	-	-	-	-	-	( 207)
Expired cash dividends transferred to capital surplus		-	-	-	-	-	-	4,718	-	-	-	-	-	-	4,718
Change in the net interest of associates recognized under the equity method		-	-	-	-	-	11,535	-	-	-	( 3,571)	-	3,571	-	11,535
Balance at December 31, 2024		\$ 16,846,646	\$ 45,353	\$ 576,628	\$ 1,650	\$ 2,032	\$ 305,603	\$ 21,686	\$ 9,390,760	\$ 2,214,578	\$ 8,632,750	(\$ 618,138)	(\$ 489,967)	(\$ 19,064)	\$ 36,910,517

The accompanying notes are an integral part of these parent company only financial statements.

FORMOSA TAFFETA CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 1,555,197	\$ 486,507
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including depreciation on investment property)	6(6)(7)(20)	797,930	797,060
Expected credit gain	12(2)	-	( 10,751 )
Interest expense	6(22)	193,577	199,493
Interest income	6(17)	( 72,340 )	( 131,265 )
Dividend income	6(18)	( 765,285 )	( 456,688 )
Gain on valuation of financial liabilities	6(19)	( 479 )	( 2,347 )
Share of (profit) loss of associates and joint ventures accounted for using the equity method	6(5)	( 492,068 )	85,013
Gain on disposal and scrap of property, plant and equipment	6(19)	( 21,679 )	( 13,759 )
Impairment gain and reversal of real estate impairment loss	6(19)	( 77,316 )	-
Unrealized gain on disposal of property, plant and equipment		3,746	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		42,622	15,425
Notes receivable - related parties	(	506 )	2,217
Accounts receivable, net	(	231,532 )	500,299
Accounts receivable - related parties		10,181	52,425
Other receivables	(	50,585 )	61,113
Inventories		476,718	810,619
Prepayments	(	6,660 )	( 3,841 )
Other current assets		6,939	( 838 )
Changes in operating liabilities			
Notes payable	(	2,835 )	( 11,943 )
Notes payable to related parties	(	87,578 )	( 63,585 )
Accounts payable		181,347	( 155,474 )
Accounts payable to related parties		177,695	( 272,304 )
Other payables		63,754	( 59,345 )
Other current liabilities		43,689	21,352
Other non-current liabilities	(	54,997 )	78,494
Cash inflow generated from operations		1,689,535	1,927,877
Interest received		78,520	129,336
Dividends received		995,754	1,057,996
Interest paid	(	185,710 )	( 194,075 )
Income tax paid	(	68,106 )	( 301,890 )
Net cash flows from operating activities		<u>2,509,993</u>	<u>2,619,244</u>

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FORMOSA TAFFETA CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	<u>Year ended December 31</u>	
		<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Non-current financial assets at amortised cost		(\$ 211,774 )	\$ -
Acquisition of investment accounted for using the equity method		( 46,043 )	-
Acquisition of property, plant and equipment	6(25)	( 272,860 )	( 486,895 )
Proceeds from disposal of property, plant and equipment		256,102	23,693
Decrease in other non-current assets		10,066	2,616
Net cash flows used in investing activities		( 264,509 )	( 460,586 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings	6(26)	296	( 14,035 )
Decrease in short-term notes and bills payable	6(26)	-	( 1,299,227 )
Payment of lease principal		( 179,692 )	( 158,758 )
Increase in long-term borrowings	6(26)	10,900,000	15,800,000
Payment of long-term borrowings	6(26)	( 13,100,000 )	( 15,000,000 )
Payment of cash dividends		( 844,309 )	( 2,470,288 )
Net cash flows used in financing activities		( 3,223,705 )	( 3,142,308 )
Net decrease in cash and cash equivalents		( 978,221 )	( 983,650 )
Cash and cash equivalents at beginning of year	6(1)	3,151,948	4,135,598
Cash and cash equivalents at end of year	6(1)	<u>\$ 2,173,727</u>	<u>\$ 3,151,948</u>

The accompanying notes are an integral part of these parent company only financial statements.

FORMOSA TAFFETA CO., LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 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 Yunlin 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 department</u>	<u>Major activities</u>
Primary department: Fabrics & dyeing	Amine fabrics, polyester fabrics, cotton fabrics, blending fabrics and umbrella ribs
Secondary department: Cord fabrics, petroleum	Cord, plastics 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.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on March 7, 2025.

### 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<sup>®</sup>”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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 Company’s financial condition and financial performance based on the Company’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 Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2025 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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

(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 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
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
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

A. Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'

The IASB issued the amendments to:

- (a) Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception relating to the derecognition of a financial liability (or part of a financial liability) settled through an electronic cash transfer system. Applying the exception, an entity is permitted to derecognise a financial liability at an earlier date if, and only if, the entity has initiated a payment instruction and specific conditions are met.

The conditions for the exception are that the entity making the payment does not have:

- i. the practical ability to withdraw, stop or cancel the payment instruction;
- ii. the practical ability to access the cash used for settlement; and
- iii. significant settlement risk.

- (b) Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion, covering contractual terms that can change cash flows based on contingent events (for example, interest rates linked to ESG targets), non-recourse features and contractually-linked instruments.

- (c) Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets), including a qualitative description of the nature of the contingent event, quantitative information about the possible changes to contractual cash flows that could result from those contractual terms and the gross carrying amount of financial assets and amortised cost of financial liabilities subject to these contractual terms.
- (d) Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The entity shall disclose the fair value of each class of investment and is no longer required to disclose the fair value of each investment. In addition, the amendments require the entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognised during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period; and any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognized during that reporting period.

B. IFRS 18, 'Presentation and disclosure in financial statements'

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the following items, these parent company only 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 and unrecognized actuarial losses, and less unrecognized actuarial gains and present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC<sup>®</sup> Interpretations, and SIC<sup>®</sup> Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). These parent company only financial statements are presented in New Taiwan Dollars, which is the Company’s functional and presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions. All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses.

B. Translation of foreign operations

The operating results and financial position of all the company entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognized in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be paid off within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
- (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using settlement date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.
- E. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:  
The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortized cost including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred, and the Company has not retained control of the financial asset.

(12) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale.

(13) Investments accounted for using equity method / subsidiaries and associates

- A. Subsidiaries refer to the entities (including special purpose entities) that the Company has control over their financial and operating policies and own more than 50% of voting shares directly or indirectly. The Company evaluates investments in subsidiaries accounted under the equity method in these parent company only financial statements.
- B. Unrealized profit (loss) from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted to ensure consistency with the policies of the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income.
- D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- E. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- F. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of

the associate, the Company recognizes the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

- G. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- H. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest.
- I. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss.
- J. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and

Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Item	Estimated useful lives
Buildings and structures	10 ~ 60 years
Machinery and equipment	5 ~ 20 years
Transportation equipment	5 ~ 10 years
Other equipment	2 ~ 15 years

(15) Leasing arrangements (lessee) — right-of-use assets/lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Leases liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 30 years.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognized.

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(21) Derecognition of financial liabilities

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

(22) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount 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 realize the asset and settle the liability simultaneously.

(23) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. At initial recognition, the Company measures financial guarantee contracts at fair value and subsequently at the higher of the amount of provisions determined by the expected credit losses and the cumulative gains that were previously recognized.

(24) 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 recognized as expenses in that period when the employees render service.

## B. Pensions

### (a) Defined contribution plan

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

### (b) Defined benefit plan

- 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 Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. 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 government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

## C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized 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 Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

## (25) 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 recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized 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 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 and does not give rise to equal taxable and deductible temporary differences. 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 Company 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 realized 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 utilized. 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 realize 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 realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized 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.

(26) Share capital

Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their carrying amount and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

- A. The Company manufactures and sells various fabrics and renders services as an oil distributor. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. Revenue is measured at the fair value of the consideration received or receivable taking into account business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities.
- C. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
- D. Incremental costs of obtaining a contract  
Given that the contractual period lasts less than one year, the Company recognizes the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

(29) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company's will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company's recognizes expenses for the related costs for which the grants are intended to compensate.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid change of product, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date and writes down the cost

of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2024, the carrying amount of inventories was \$4,479,329.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and petty cash	\$ 41,322	\$ 101,822
Checking accounts and demand deposits	1,173,001	985,170
Time deposits	645,865	1,596,660
Cash equivalents - Commercial paper	<u>525,313</u>	<u>468,296</u>
	2,385,501	3,151,948
Transferred to non-current financial assets at amortized cost	( 211,774)	-
	<u>\$ 2,173,727</u>	<u>\$ 3,151,948</u>

- A. The Company 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 Company repatriates the offshore fund by adopting “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act”, and the amount was USD 8,426 thousand. The amount as at December 31, 2024 is USD 5,422 thousand and equivalent to \$177,773. 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.
- C. The Company has entered a trust contract with Mega International Commercial Bank for participation in the Urban Renewal Project of the Formosa Plastics Building and has opened a segregated trust account. The funds in the trust account should be earmarked in the term of trust for its intended purposes, such as covering construction costs, taxes, and related expenses. As of December 31, 2024, the balance in the trust account is \$114,457. Due to the restriction on its usage, this amount has been reclassified under “Non-current financial assets at amortized cost” .
- D. Due to the application for a subsidy project from the Ministry of Economic Affairs, the Company has pledged a portion of its demand deposits as collateral, resulting in restricted cash amounting to \$97,317. This amount has been reclassified under “Non-current financial assets at amortized cost” .
- E. The Company has no cash and cash equivalents pledged to others.

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

Items	December 31, 2024	December 31, 2023
Current items:		
Equity instruments		
Listed stocks	\$ 900,285	\$ 900,285
Unlisted stocks	100,000	100,000
	<u>1,000,285</u>	<u>1,000,285</u>
Valuation adjustment	( 443,314)	112,898
	<u>\$ 556,971</u>	<u>\$ 1,113,183</u>
Non-current items:		
Equity instruments		
Listed stocks	\$ 8,163,125	\$ 8,163,125
Unlisted stocks	6,647,666	6,647,666
	<u>14,810,791</u>	<u>14,810,791</u>
Valuation adjustment	668,788	17,939,547
	<u>\$ 15,479,579</u>	<u>\$ 32,750,338</u>

A. The Company 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 \$16,036,550 and \$33,863,521 as at December 31, 2024 and 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:

	Years ended December 31,	
	2024	2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive (loss) income	(\$ 17,826,971)	\$ 502,824
Cumulative gains reclassified to retained earnings due to derecognition	\$ -	\$ -

C. As at December 31, 2024 and 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 Company were \$16,036,550 and \$33,863,521, respectively.

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

(3) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	\$ 14,501	\$ 57,123
Accounts receivable	\$ 1,410,641	\$ 1,179,109
Less: Allowance for uncollectible accounts	( 20,927)	( 20,927)
	<u>\$ 1,389,714</u>	<u>\$ 1,158,182</u>

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

	December 31, 2024	December 31, 2023
Not past due	\$ 1,404,248	\$ 1,216,155
Up to 30 days	12,353	6,288
31 to 90 days	6,820	4,201
Over 90 days	1,721	9,588
	<u>\$ 1,425,142</u>	<u>\$ 1,236,232</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2024 and 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 \$1,751,956.

C. As at December 31, 2024 and 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 Company's notes receivable were \$14,501 and \$57,123, and accounts receivable were \$1,389,714 and \$1,158,182, respectively.

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

(4) Inventories

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 519,573	(\$ 20,428)	\$ 499,145
Supplies	21,762	( 296)	21,466
Work in process	1,922,263	-	1,922,263
Finished goods	2,091,346	( 624,966)	1,466,380
Merchandise inventory	285,499	-	285,499
Materials in transit	197,927	-	197,927
Outsourced processed materials	86,649	-	86,649
	<u>\$ 5,125,019</u>	<u>(\$ 645,690)</u>	<u>\$ 4,479,329</u>

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 459,662	(\$ 19,650)	\$ 440,012
Supplies	176,510	( 602)	175,908
Work in process	2,175,203	-	2,175,203
Finished goods	2,213,581	( 552,009)	1,661,572
Merchandise inventory	251,076	-	251,076
Materials in transit	150,086	-	150,086
Outsourced processed materials	102,190	-	102,190
	<u>\$ 5,528,308</u>	<u>(\$ 572,261)</u>	<u>\$ 4,956,047</u>

The cost of inventories recognized as expense for the years ended December 31, 2024 and 2023 were as follows:

	Years ended December 31,	
	2024	2023
Cost of inventories sold	\$ 18,831,144	\$ 19,725,733
Service cost	242,123	195,116
Idle capacity	237,473	238,349
Loss on inventory valuation	73,429	34,928
Others (Note)	19,370	15,712
	<u>\$ 19,403,539</u>	<u>\$ 20,209,838</u>

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

(5) Investments accounted for using equity method

A. List of long-term investments

	December 31, 2024	December 31, 2023
Subsidiaries:		
Formosa Taffeta (Hong Kong) Co., Ltd.	\$ 3,917,478	\$ 3,506,150
Formosa Taffeta Dong Nai Co., Ltd.	2,682,054	2,673,298
Formosa Taffeta Vietnam Co., Ltd.	2,538,006	2,318,906
Formosa Development Co., Ltd.	170,359	186,420
Associates:		
Formosa Advanced Technologies Co., Ltd.	4,707,305	4,983,531
Quang Viet Enterprise Co., Ltd.	1,441,990	1,412,835
Formosa Industries Corporation	1,286,333	1,338,654
Schoeller Textil AG	817,647	1,033,980
Nan Ya Photonics Inc.	208,865	176,689
	<u>\$ 17,770,037</u>	<u>\$ 17,630,463</u>

B. The investment income (loss) on subsidiaries and associates accounted for using equity method for the years ended December 31, 2024 and 2023 were as follows:

	Years ended December 31,	
	2024	2023
Subsidiaries:		
Formosa Taffeta (Hong Kong) Co., Ltd.	\$ 227,523	\$ 161,901
Formosa Taffeta Vietnam Co., Ltd.	178,987	46,382
Formosa Development Co., Ltd.	7,243	5,369
Formosa Taffeta Dong Nai Co., Ltd.	( 39,542)	( 166,985)
Associates:		
Formosa Advanced Technologies Co., Ltd.	276,226	162,670
Quang Viet Enterprise Co., Ltd.	75,655	129,188
Nan Ya Photonics Inc.	14,438	15,312
Formosa Industries Corporation	( 74,561)	( 256,602)
Schoeller Textil AG	( 173,901)	( 182,248)
	<u>\$ 492,068</u>	<u>(\$ 85,013)</u>

C. The share of income (loss) of subsidiaries and associates accounted for using the equity method of \$229,538 and (\$232,705) for the years ended December 31, 2024 and 2023, respectively, were based on the audited financial statements of the investee companies.

D. Subsidiaries

- (a) Information on the Company's subsidiaries is provided in Note 4(3) of the Company's 2024 consolidated financial statements.
- (b) As at December 31, 2024 and 2023, the Company's common stocks owned by its subsidiary, Formosa Development Co., Ltd., was 2,193,228 shares, treated as treasury stock.

E. Associates

- (a) The financial information of the Company's principal associates is summarized below:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2024	December 31, 2023		
Formosa Advanced Technologies Co., Ltd.	Taiwan	30.68%	30.68%	Associate	Equity method
Formosa Industry Co., Ltd.	Vietnam	10.00%	10.00%	Associate	Equity method

- (b) The Company is the director of Formosa Industry Co., Ltd., Nan Ya Photonics Inc. and Quang Viet Enterprise Co., Ltd. and has significant influence over its operations, thus, Formosa Industry Co., Ltd., Nan Ya Photonics Inc. and Quang Viet Enterprise Co., Ltd. are accounted for using the equity method.

- (c) Owing to the capital increase of Schoeller Textil AG, the Board of Directors during its meeting on October 17, 2019 resolved to invest in Schoeller Textil AG in the amount of CHF 39,580

thousand (equivalent to \$1,285,507 thousand) for an equity interest of 50%. The Company obtained 50% equity interest in Schoeller Textil AG after the capital increase on March 18, 2020. As significant matters concerning Schoeller Textil AG requires consensus from the majority of the Board of Directors, the investment was accounted for using the equity method.

- (d) The summarized financial information of the associates that are material to the Company is shown below:

Balance sheets

	Formosa Advanced Technologies Co., Ltd.	
	December 31, 2024	December 31, 2023
Current assets	\$ 9,369,700	\$ 9,573,354
Non-current assets	3,154,024	3,690,084
Current liabilities	( 1,071,051)	( 868,488)
Non-current liabilities	( 545,746)	( 587,714)
Total net assets	<u>\$ 10,906,927</u>	<u>\$ 11,807,236</u>
Share in associate's net assets	\$ 3,346,240	\$ 3,622,466
Difference	<u>1,361,065</u>	<u>1,361,065</u>
Carrying amount of the associate	<u>\$ 4,707,305</u>	<u>\$ 4,983,531</u>

	Formosa Industry Co., Ltd.	
	December 31, 2024	December 31, 2023
Current assets	\$ 25,242,987	\$ 9,327,230
Non-current assets	18,028,604	18,400,041
Current liabilities	( 24,063,272)	( 8,962,251)
Non-current liabilities	( 7,246,337)	( 6,279,826)
Total net assets	<u>\$ 11,961,982</u>	<u>\$ 12,485,194</u>
Share in associate's net assets	\$ 1,196,199	\$ 1,248,520
Difference	<u>90,134</u>	<u>90,134</u>
Carrying amount of the associate	<u>\$ 1,286,333</u>	<u>\$ 1,338,654</u>

Statements of Comprehensive Income

	Formosa Advanced Technologies Co., Ltd.	
	Year ended	Year ended
	December 31, 2024	December 31, 2023
Revenue	<u>\$ 8,932,564</u>	<u>\$ 7,648,594</u>
Profit for the year from continuing operations	\$ 900,345	\$ 530,215
Other comprehensive (loss) income, net of tax	( 1,402,732)	24,983
Total comprehensive (loss) income	<u>(\$ 502,387)</u>	<u>\$ 555,198</u>

	Formosa Industry Co., Ltd.	
	Year ended	Year ended
	December 31, 2024	December 31, 2023
Revenue	\$ 18,248,182	\$ 16,407,699
Loss for the year from continuing operations		
(Total comprehensive loss)	(\$ 745,614)	(\$ 2,566,019)

- (e) The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarized below:

As of December 31, 2024 and 2023, the carrying amount of the Company's individually immaterial associates amounted to \$2,468,502 and \$2,623,504, respectively.

	Year ended	Year ended
	December 31, 2024	December 31, 2023
Profit for the year from continuing operations	\$ 126,368	\$ 445,275
Other comprehensive income, net of tax	24,986	121,188
Total comprehensive income	\$ 151,354	\$ 566,463

- F. The Company's material associates, Quang Viet Enterprise Co., Ltd. and Formosa Advanced Technologies Co., Ltd., have quoted market prices as follows:

	December 31, 2024	December 31, 2023
Quang Viet Enterprise Co., Ltd.	\$ 1,859,535	\$ 2,091,977
Formosa Advanced Technologies Co., Ltd.	3,826,359	5,291,772
	\$ 5,685,894	\$ 7,383,749

(Continued)

(6) Property, plant and equipment

	Land	Buildings and structures	Machinery	Transportation equipment and other equipment	Construction in progress	Total
<u>At January 1, 2024</u>						
Cost	\$ 2,054,189	\$ 6,315,240	\$ 14,673,456	\$ 4,129,796	\$ 219,990	\$ 27,392,671
Accumulated depreciation	-	( 5,069,995)	( 12,513,216)	( 3,964,044)	-	( 21,547,255)
Accumulated impairment	( 155,738)	-	-	-	-	( 155,738)
	<u>\$ 1,898,451</u>	<u>\$ 1,245,245</u>	<u>\$ 2,160,240</u>	<u>\$ 165,752</u>	<u>\$ 219,990</u>	<u>\$ 5,689,678</u>
<u>2024</u>						
Opening net book amount as at January 1	\$ 1,898,451	\$ 1,245,245	\$ 2,160,240	\$ 165,752	\$ 219,990	\$ 5,689,678
Additions	-	-	-	-	262,919	262,919
Disposals	( 141,452)	-	( 10,470)	( 340)	-	( 152,262)
Transfers (Note)	32,659	12,405	288,704	27,460	( 328,569)	32,659
Depreciation charge	-	( 146,047)	( 410,284)	( 41,601)	-	( 597,932)
Closing net book amount as at December 31	<u>\$ 1,789,658</u>	<u>\$ 1,111,603</u>	<u>\$ 2,028,190</u>	<u>\$ 151,271</u>	<u>\$ 154,340</u>	<u>\$ 5,235,062</u>
<u>At December 31, 2024</u>						
Cost	\$ 1,868,080	\$ 6,326,116	\$ 14,713,312	\$ 4,086,222	\$ 154,340	\$ 27,148,070
Accumulated depreciation	-	( 5,214,513)	( 12,685,122)	( 3,934,951)	-	( 21,834,586)
Accumulated impairment	( 78,422)	-	-	-	-	( 78,422)
	<u>\$ 1,789,658</u>	<u>\$ 1,111,603</u>	<u>\$ 2,028,190</u>	<u>\$ 151,271</u>	<u>\$ 154,340</u>	<u>\$ 5,235,062</u>

	Land	Buildings and structures	Machinery	Transportation equipment and other equipment	Construction in progress	Total
<u>At January 1, 2023</u>						
Cost	\$ 2,056,914	\$ 6,309,340	\$ 14,582,882	\$ 4,107,543	\$ 365,990	\$ 27,422,669
Accumulated depreciation	-	( 4,946,450)	( 12,505,067)	( 3,949,447)	-	( 21,400,964)
Accumulated impairment	( 155,738)	-	-	-	-	( 155,738)
	<u>\$ 1,901,176</u>	<u>\$ 1,362,890</u>	<u>\$ 2,077,815</u>	<u>\$ 158,096</u>	<u>\$ 365,990</u>	<u>\$ 5,865,967</u>
<u>2023</u>						
Opening net book amount as at January 1	\$ 1,901,176	\$ 1,362,890	\$ 2,077,815	\$ 158,096	\$ 365,990	\$ 5,865,967
Additions	-	-	-	-	449,496	449,496
Disposals	( 2,725)	( 6,370)	( 839)	-	-	( 9,934)
Transfers	-	42,052	505,505	47,939	( 595,496)	-
Depreciation charge	-	( 153,327)	( 422,241)	( 40,283)	-	( 615,851)
Closing net book amount as at December 31	<u>\$ 1,898,451</u>	<u>\$ 1,245,245</u>	<u>\$ 2,160,240</u>	<u>\$ 165,752</u>	<u>\$ 219,990</u>	<u>\$ 5,689,678</u>
<u>At December 31, 2023</u>						
Cost	\$ 2,054,189	\$ 6,315,240	\$ 14,673,456	\$ 4,129,796	\$ 219,990	\$ 27,392,671
Accumulated depreciation	-	( 5,069,995)	( 12,513,216)	( 3,964,044)	-	( 21,547,255)
Accumulated impairment	( 155,738)	-	-	-	-	( 155,738)
	<u>\$ 1,898,451</u>	<u>\$ 1,245,245</u>	<u>\$ 2,160,240</u>	<u>\$ 165,752</u>	<u>\$ 219,990</u>	<u>\$ 5,689,678</u>

Note: Transferred from Prepayments for Land Purchase (Recognized as “Non-current other assets – others”)

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

	Years ended December 31,	
	2024	2023
Amount capitalized	\$ 2,079	\$ 5,385
Range of the interest rates for capitalization	1.88%~2.02%	1.75%~1.91%

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

Items	Significant components	Estimated useful lives
Buildings	Factory and gasoline stations	10 ~ 60 years
Machinery and equipment	Impregnating machine, dyeing machine and other machinery equipment	5 ~ 20 years
Transportation equipment	Pallet trucks and fork lift trucks	5 ~ 10 years
Other equipment	Cogeneration power generation equipment	2~ 15 years

- C. Certain regulations restrict ownership of land to individuals. Accordingly, the title 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 December 31, 2024 and 2023, the land mortgaged to the Company amounted to \$808,300.

- D. The Company has entered a trust contract with Mega International Commercial Bank and Formosa Plastics Construction Corporation to participate in the "Taipei Songshan District Minsheng Section Land Plot No. 150 and 6 Other Plots Urban Renewal Project" (i.e., the Formosa Plastics Building Urban Renewal Project), and has completed the trust registration of the aforementioned land and building.

(7) Leasing arrangements — lessee

- A. The Company leases various assets including land and buildings. 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:

	December 31, 2024	December 31, 2023
	Carrying amount	Carrying amount
Right-of-use asset - land	\$ 762,013	\$ 736,824
Right-of-use asset - houses and buildings	88,981	112,193
	<u>\$ 850,994</u>	<u>\$ 849,017</u>

	Year ended December 31, 2024	Year ended December 31, 2023
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Right-of-use asset - land	\$ 147,376	\$ 147,930
Right-of-use asset - houses and buildings	23,212	3,869
	<u>\$ 170,588</u>	<u>\$ 151,799</u>

C. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were \$200,601 and \$185,218, respectively.

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

	Year ended December 31, 2024	Year ended December 31, 2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 11,115	\$ 8,665
Expense on short-term lease contracts	2,986	1,691

E. For the years ended December 31, 2024 and 2023, the Company's total cash outflow for leases was \$182,678 and \$160,449, respectively.

(8) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2024</u>	<u>Interest rate</u>	<u>Collateral</u>
Bank borrowings			
Purchase loans	\$ 296	5.24%	-

As at December 31, 2023: None.

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

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

A. For the years ended December 31, 2024 and 2023, the Company recognized \$479 and \$2,347 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:

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

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.

(10) Long-term borrowings

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Credit borrowings	\$ 8,200,000	\$ 10,400,000
Interest rate	<u>1.97%~2.12%</u>	<u>1.84%~1.97%</u>

(11) Pensions

A.(a) The Company has 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 contributes monthly an amount equal to 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 would assess the balance in the aforementioned labor 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 will make contribution for the deficit by next March.

(b) The amounts recognized in the balance sheet are determined as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligations	\$ 1,438,172	\$ 1,384,102
Fair value of plan assets	( 1,390,883)	( 1,393,922)
Net defined benefit liability (assets)	<u>\$ 47,289</u>	<u>(\$ 9,820)</u>

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2024</u>			
Balance at January 1	\$ 1,384,102	(\$ 1,393,922)	(\$ 9,820)
Current service cost	3,836	-	3,836
Interest expense (income)	17,301	( 17,689)	( 388)
	<u>1,405,239</u>	<u>( 1,411,611)</u>	<u>( 6,372)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	( 126,875)	( 126,875)
Experience adjustments	<u>229,400</u>	<u>-</u>	<u>229,400</u>
	<u>229,400</u>	<u>( 126,875)</u>	<u>102,525</u>
Pension fund contribution	-	( 38,654)	( 38,654)
Paid pension	( 194,376)	186,257	( 8,119)
Transferred to related company	( 2,091)	-	( 2,091)
	<u>( 196,467)</u>	<u>147,603</u>	<u>( 48,864)</u>
Balance at December 31	<u>\$ 1,438,172</u>	<u>(\$ 1,390,883)</u>	<u>\$ 47,289</u>
<u>Year ended December 31, 2023</u>			
Balance at January 1	\$ 1,774,598	(\$ 1,470,618)	\$ 303,980
Current service cost	6,362	-	6,362
Interest expense (income)	22,182	( 18,679)	3,503
	<u>1,803,142</u>	<u>( 1,489,297)</u>	<u>313,845</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	( 13,381)	( 13,381)
Experience adjustments	( 261,478)	-	( 261,478)
	<u>( 261,478)</u>	<u>( 13,381)</u>	<u>( 274,859)</u>
Pension fund contribution	-	( 42,317)	( 42,317)
Paid pension	( 157,562)	151,073	( 6,489)
Balance at December 31	<u>\$ 1,384,102</u>	<u>(\$ 1,393,922)</u>	<u>(\$ 9,820)</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization

products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earning is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2024	2023
Discount rate	1.45%	1.25%
Future salary increases	2.85%	2.85%

Assumptions regarding future mortality experience are set based on the Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2024 and 2023.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	1.00%	1.00%
<u>December 31, 2024</u>				
Effect on present value of defined benefit obligation	(\$ 7,591)	\$ 7,763	\$ 33,695	(\$ 31,519)
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 8,236)	\$ 8,443	\$ 36,431	(\$ 33,749)

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

- (f) For the aforementioned pension plan, the Company recognized pension costs of \$3,448 and \$9,865 for the years ended December 31, 2024 and 2023, respectively.
- (g) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2025 amount to \$38,655.
- (h) As of December 31, 2024, the weighted average duration of that retirement plan is 4 years.
- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (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 contributes 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 pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2024 and 2023 were \$81,333 and \$80,673, respectively.

(12) Share capital

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

B. For the years ended December 31, 2024 and 2023, changes in treasury stocks are as follows (in thousands of shares):

		2024			
<u>Reason for reacquisition</u>	<u>Investee company</u>	<u>Beginning Shares</u>	<u>Additions</u>	<u>Disposal</u>	<u>Ending Shares</u>
Long-term equity investment transferred to treasury stock for parent company's shares held by subsidiaries	Formosa Development Co., Ltd.	2,193	-	-	2,193
		2023			
<u>Reason for reacquisition</u>	<u>Investee company</u>	<u>Beginning Shares</u>	<u>Additions</u>	<u>Disposal</u>	<u>Ending Shares</u>
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.

(13) 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.

(14) 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. According to the article of the Company, when allocating the earnings, the Company shall first estimate and reserve the taxes to be paid, offset its losses, set aside a legal capital reserve at 10% of the remaining earnings, then set aside a special capital reserve in accordance with relevant laws or regulations or as requested by the Board of Directors. For the distribution of cash dividends which was authorised to the Board of Directors would be adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and then reported to the shareholders for resolution. 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; and
- 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 at the stockholders' meeting on June 21, 2024 and June 16, 2023, respectively. Details are summarized below:

	2023		2022	
	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. As of December 31, 2024 and 2023, unpaid stock dividends amounted to \$107,266 and \$109,034, respectively.

F. The appropriations of 2024 earnings had been resolved by the Board of Directors on March 7, 2025. Details are summarized below:

	2024	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 138,670	
Special reserve	1,108,105	
Cash dividends	1,347,732	\$ 0.80

As of March 7, 2025, the above appropriations of 2024 earnings have not yet been resolved by the shareholders.

G. For information relating to employees' compensation and directors' and supervisors' remuneration, refer to Note 6(21).

(15) Other equity items

	Unrealized gains (losses) on valuation	Currency translation
January 1, 2024	\$ 17,808,075	(\$ 913,220)
Revaluation		
— Parent company	( 17,826,971)	-
— Subsidiaries and associates	( 474,642)	-
Revaluation transferred to retained earnings		
— Subsidiaries and associates	3,571	-
Difference of currency translation		
— Parent company	-	254,902
— Subsidiaries and associates	-	40,180
December 31, 2024	(\$ 489,967)	(\$ 618,138)

	Unrealized gains (losses) on valuation	Currency translation
January 1, 2023	\$ 17,309,944	(\$ 805,905)
Revaluation		
— Parent company	502,824	-
— Subsidiaries and associates	( 7,057)	-
Revaluation transferred to retained earnings		
— Subsidiaries and associates	2,364	-
Difference of currency translation		
— Parent company	-	( 197,960)
— Subsidiaries and associates	-	90,645
December 31, 2023	<u>\$ 17,808,075</u>	<u>(\$ 913,220)</u>

(16) Operating revenue

	Years ended December 31,	
	2024	2023
Sales revenue	\$ 21,054,278	\$ 21,800,902
Service revenue	248,532	210,177
	<u>\$ 21,302,810</u>	<u>\$ 22,011,079</u>

Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time in the following major product lines:

2024	First business group	Second business group			Total
		Cord fabric department	Gasoline department	Other segment	
Revenue from external customer contracts	<u>\$ 6,254,329</u>	<u>\$ 2,483,667</u>	<u>\$ 10,886,360</u>	<u>\$ 1,678,454</u>	<u>\$ 21,302,810</u>
Timing of revenue recognition					
At a point in time	<u>\$ 6,254,329</u>	<u>\$ 2,483,667</u>	<u>\$ 10,886,360</u>	<u>\$ 1,678,454</u>	<u>\$ 21,302,810</u>
2023	First business group	Second business group			Total
		Cord fabric department	Gasoline department	Other segment	
Revenue from external customer contracts	<u>\$ 6,174,772</u>	<u>\$ 2,842,781</u>	<u>\$ 11,256,091</u>	<u>\$ 1,737,435</u>	<u>\$ 22,011,079</u>
Timing of revenue recognition					
At a point in time	<u>\$ 6,174,772</u>	<u>\$ 2,842,781</u>	<u>\$ 11,256,091</u>	<u>\$ 1,737,435</u>	<u>\$ 22,011,079</u>

(17) Interest income

	Years ended December 31,	
	2024	2023
Interest income from bank deposits	\$ 72,340	\$ 131,265

(18) Other income

	Years ended December 31,	
	2024	2023
Dividend income	\$ 765,285	\$ 456,688
Other income	263,322	229,061
	<u>\$ 1,028,607</u>	<u>\$ 685,749</u>

(19) Other gains and losses

	Years ended December 31,	
	2024	2023
Foreign exchange gain	\$ 166,654	29,865
Impairment gain and reversal of real estate impairment loss	77,316	-
Gain on disposal of property, plant and equipment	21,679	13,759
Forward foreign exchange contracts		
Net gain on financial liabilities at fair value through profit or loss	479	2,347
Bank charges	( 42,285)	( 41,922)
Other losses	( 119,863)	( 56,473)
	<u>\$ 103,980</u>	<u>(\$ 52,424)</u>

(20) Expenses by nature

	Years ended December 31,	
	2024	2023
Employee benefit expense	\$ 2,377,245	\$ 2,460,215
Depreciation charges		
(Including Right-of-use assests and Investment property)	797,930	797,060
	<u>\$ 3,175,175</u>	<u>\$ 3,257,275</u>

(21) Employee benefit expense

	Years ended December 31,	
	2024	2023
Wages and salaries	\$ 1,984,377	\$ 2,050,687
Labour and health insurance fees	235,948	239,274
Pension costs	84,781	90,538
Other personnel expenses	72,139	79,716
	<u>\$ 2,377,245</u>	<u>\$ 2,460,215</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 years ended December 31, 2024 and 2023, employees' compensation was accrued at \$3,120 and \$976, respectively; while directors' and supervisors' remuneration was accrued at \$1,560 and \$488, respectively. The aforementioned amount was recognized in salary expenses. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on the Company's Articles of Incorporation of profit of current year distributable for the year ended December 31, 2024. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors totalled to \$3,120 and \$1,560, respectively, and the employees' compensation will be distributed in the form of cash. The employees' compensation and directors' and supervisors' remuneration for 2023 as approved by shareholders were the same as the amounts shown in the 2023 financial statements. For the year ended December 31, 2023, employees' compensation was \$976 and distributed in cash. 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.

(22) Finance costs

	Years ended December 31,	
	2024	2023
Interest expense:		
Bank borrowings	\$ 184,541	\$ 196,213
Other financial expense	11,115	8,665
Less: Capitalization of qualifying assets	( 2,079)	( 5,385)
Finance costs	<u>\$ 193,577</u>	<u>\$ 199,493</u>

(23) Income tax

A. Income tax expense

	Years ended December 31,	
	2024	2023
Current tax:		
Current tax on profits for the year	\$ 29,834	\$ 21,261
Tax on undistributed surplus earnings	7,921	23,605
Land value increment tax	15,924	-
Adjustments in respect of prior year	( 2,945)	2,950
Total current tax	<u>50,734</u>	<u>47,816</u>
Deferred tax:		
Origination and reversal of temporary differences	14,278	( 5,863)
Total deferred tax	<u>14,278</u>	<u>( 5,863)</u>
Tax expense	<u>\$ 65,012</u>	<u>\$ 41,953</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2024	2023
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 311,039	\$ 97,302
Land value increment tax	15,924	-
Tax effect of permanent differences	( 266,927)	( 81,904)
Adjustment in respect of prior year	( 2,945)	2,950
Tax on undistributed surplus earnings	7,921	23,605
Tax expense	<u>\$ 65,012</u>	<u>\$ 41,953</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and investment tax credits are as follows:

	Year ended December 31, 2024			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
-Temporary differences				
Provision for inventory obsolescence	\$ 90,440	\$ 14,686	\$ -	\$ 105,126
Allowance for bad debts in excess of tax deductible limit	2,503	-	-	2,503
Unrealized foreign exchange loss	15,301	( 15,301)	-	-
Unrealized gain on disposal of equipment	277	749	-	1,026
	<u>108,521</u>	<u>134</u>	<u>-</u>	<u>108,655</u>

Year ended December 31, 2024				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax liabilities:				
-Temporary differences				
Unrealized gain on adjustment of financial liability	( 469)	469	-	-
Unrealized foreign exchange gain	-	( 7,014)	-	( 7,014)
Investment income accounted for under equity method	( 325,309)	( 7,867)	-	( 333,176)
	( 325,778)	( 14,412)	-	( 340,190)
	<u>(\$ 217,257)</u>	<u>(\$ 14,278)</u>	<u>\$ -</u>	<u>(\$ 231,535)</u>

Year ended December 31, 2023				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
-Temporary differences				
Provision for inventory obsolescence	\$ 83,455	\$ 6,985	\$ -	\$ 90,440
Allowance for bad debts in excess of tax deductible limit	2,503	-	-	2,503
Unrealized foreign exchange loss	15,954	( 653)	-	15,301
Unrealized gain on disposal of equipment	<u>277</u>	<u>-</u>	<u>-</u>	<u>277</u>
	<u>102,189</u>	<u>6,332</u>	<u>-</u>	<u>108,521</u>
Deferred tax liabilities:				
-Temporary differences				
Gain on adjustment of financial liability	-	( 469)	-	( 469)
Investment income accounted for under equity method	( 325,309)	-	-	( 325,309)
	( 325,309)	( 469)	-	( 325,778)
	<u>(\$ 223,120)</u>	<u>\$ 5,863</u>	<u>\$ -</u>	<u>(\$ 217,257)</u>

D. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(24) 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 amount of outstanding common stocks for the year.

Year ended December 31, 2024					
		Weighted-average		Earnings per share	
Amount		outstanding	(in dollars)		
		common shares			
		(in thousands)	Before tax	After tax	
Net income	\$ 1,555,197	\$ 1,490,185	1,682,471	\$ 0.92	\$ 0.89
Year ended December 31, 2023					
		Weighted-average		Earnings per share	
Amount		outstanding	(in dollars)		
		common shares			
		(in thousands)	Before tax	After tax	
Net income	\$ 486,507	\$ 444,554	1,682,471	\$ 0.29	\$ 0.26

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 shares:

Year ended December 31, 2024					
		Outstanding	Earnings per share		
Amount		common shares	(in dollars)		
		(in thousands)	Before tax	After tax	
Net income	\$ 1,555,197	\$ 1,490,185	1,684,665	\$ 0.92	\$ 0.88
Year ended December 31, 2023					
		Outstanding	Earnings per share		
Amount		common shares	(in dollars)		
		(in thousands)	Before tax	After tax	
Net income	\$ 486,507	\$ 444,554	1,684,665	\$ 0.29	\$ 0.26

- C. 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 years ended December 31, 2024 and 2023.

(25) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2024	2023
Purchase of property, plant and equipment	\$ 262,919	\$ 449,496
Add: Opening balance of payable on equipment	41,153	78,552
Less: Ending balance of payable on equipment	( 31,212)	( 41,153)
Cash paid during the year	<u>\$ 272,860</u>	<u>\$ 486,895</u>

(26) Changes in liabilities from financing activities

	2024			
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Liabilities from financing activities-gross
At January 1	\$ -	\$ -	\$ 10,400,000	\$ 10,400,000
Changes in cash flow from short-term borrowings	296	-	-	296
Increase in long-term borrowings	-	-	10,900,000	10,900,000
Payment of long-term borrowings	-	-	( 13,100,000)	( 13,100,000)
At December 31	<u>\$ 296</u>	<u>\$ -</u>	<u>\$ 8,200,000</u>	<u>\$ 8,200,296</u>

  

	2023			
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Liabilities from financing activities-gross
At January 1	\$ 14,035	\$ 1,299,227	\$ 9,600,000	\$ 10,913,262
Changes in cash flow from short-term borrowings	( 14,035)	-	-	( 14,035)
Decrease in short-term notes and bills payable	-	( 1,299,227)	-	( 1,299,227)
Increase in long-term borrowings	-	-	15,800,000	15,800,000
Payment of long-term borrowings	-	-	( 15,000,000)	( 15,000,000)
At December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,400,000</u>	<u>\$ 10,400,000</u>

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

Names of related parties	Relationship with the Company
Formosa Chemicals & Fibre Corp.	Ultimate Parent Company
Formosa Taffeta Dong Nai Co., Ltd.	Subsidiary
Formosa Taffeta Vietnam Co., Ltd.	Subsidiary
Formosa Taffeta (Zhong Shan) Co., Ltd.	Subsidiary
Formosa Taffeta (Hong Kong) Co., Ltd.	Subsidiary
Formosa Taffeta (Changshu) Co., Ltd.	Subsidiary
Formosa Development Co., Ltd.	Subsidiary
Public More International Co., Ltd.	Subsidiary
Quang Viet Enterprise Corp.	Associate
Formosa Advanced Technologies Co., Ltd.	Associate
Formosa Industries Corp.	Associate
Nan Ya Photonics Inc.	Associate
Schoeller Textil AG	Associate
Schoerller Asia Co.,Ltd.	Other Related Party
Mai-Liao Power Corp.	Other Related Party
Formosa Plastics Transport Corp.	Other Related Party
Formosa Waters 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 Technologies Corp.	Other Related Party
Formosa Plastics Corp.	Other Related Party
Chang Gung Biotechnology Corp.	Other Related Party
Nan Ya Plastics Corp.	Other Related Party
Nanya Technology Corp.	Other Related Party
Yugen Yueh Co., Ltd.	Other Related Party
Yumaowu Enterprise Co., Ltd.	Other Related Party
Yu Yuang Textile Co., Ltd.	Other Related Party
Yu Maowu Complex Co., Ltd.	Other Related Party
Great King Garment Co., Ltd.	Other Related Party
Kong You Industrial Co., Ltd.	Other Related Party

Names of related parties	Relationship with the Company
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

	Years ended December 31,	
	2024	2023
Sales of goods:		
— Ultimate parent	\$ 162	\$ 173
— Subsidiaries	177,196	222,653
— Associates	200,373	126,040
— Other related parties	449,760	440,037
	<u>\$ 827,491</u>	<u>\$ 788,903</u>

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

B. Purchases of goods

	Years ended December 31,	
	2024	2023
Purchases of goods:		
— Ultimate parent	\$ 626,791	\$ 857,753
— Subsidiaries	315,262	281,687
Formosa Petrochemical Corp.	9,614,261	9,875,208
Others	740,345	693,904
	<u>\$ 11,296,659</u>	<u>\$ 11,708,552</u>

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

C. Notes and accounts receivable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Receivables from related parties:		
— Ultimate parent	\$ 5	\$ 2
— Subsidiaries	21,851	28,647
— Associates	26,743	17,809
— Other related parties	69,400	81,216
	<u>\$ 117,999</u>	<u>\$ 127,674</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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Payables from related parties:		
— Ultimate parent	\$ 289,005	\$ 357,563
— Subsidiaries	97,948	33,505
Formosa Petrochemical Corp.	527,118	434,086
Others	50,584	49,384
	<u>\$ 964,655</u>	<u>\$ 874,538</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. Other payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other payables		
Subsidiaries	\$ 11,351	\$ -
Other related parties	1,296	8,179
	<u>\$ 12,647</u>	<u>\$ 8,179</u>

F. Property transactions, investment property and other receivables

(a) Acquisition of property, plant and equipment

	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Subsidiaries	\$ 8,799	\$ -
Other related party	1,137	3,196
	<u>\$ 9,936</u>	<u>\$ 3,196</u>

(b) Disposal of property, plant and equipment

	December 31, 2024	
	Proceeds from disposal	Gain on disposal
Subsidiaries	\$ 4,845	\$ -

(c) Acquisition of right-of-use assets:

	December 31, 2024	December 31, 2023
Ultimate parent	\$ -	\$ 29,015
Other related party	-	87,047
	<u>\$ -</u>	<u>\$ 116,062</u>

(d) Rental income (shown as other income)

The Company 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 years ended December 31, 2024 and 2023 amounted to \$48,291 and \$45,812, respectively.

Investment property leased to Formosa Advanced Technologies Co., Ltd. are as follows:

	Land	Building and structures	Total
<u>At January 1, 2024</u>			
Cost	\$ 15,332	\$ 906,122	\$ 921,454
Accumulated depreciation	-	( 487,732)	( 487,732)
	<u>\$ 15,332</u>	<u>\$ 418,390</u>	<u>\$ 433,722</u>
<u>Year ended December 31, 2024</u>			
Opening net book amount	\$ 15,332	\$ 418,390	\$ 433,722
Transfer (Note)	( 167)	-	( 167)
Depreciation charge	-	( 29,410)	( 29,410)
Closing net book amount	<u>\$ 15,165</u>	<u>\$ 388,980</u>	<u>\$ 404,145</u>
<u>At December 31, 2024</u>			
Cost	\$ 15,165	\$ 906,122	\$ 921,287
Accumulated depreciation	-	( 517,142)	( 517,142)
	<u>\$ 15,165</u>	<u>\$ 388,980</u>	<u>\$ 404,145</u>

	Land	Building and structures	Total
<u>At January 1, 2023</u>			
Cost	\$ 15,332	\$ 906,122	\$ 921,454
Accumulated depreciation	-	(458,322)	(458,322)
	<u>\$ 15,332</u>	<u>\$ 447,800</u>	<u>\$ 463,132</u>
<u>Year ended December 31, 2023</u>			
Opening net book amount	\$ 15,332	\$ 447,800	\$ 463,132
Depreciation charge	-	(29,410)	(29,410)
Closing net book amount	<u>\$ 15,332</u>	<u>\$ 418,390</u>	<u>\$ 433,722</u>
<u>At December 31, 2023</u>			
Cost	\$ 15,332	\$ 906,122	\$ 921,454
Accumulated depreciation	-	(487,732)	(487,732)
	<u>\$ 15,332</u>	<u>\$ 418,390</u>	<u>\$ 433,722</u>

Note: Transferred to property, plant and equipment.

The fair value of the investment property held by the Company was based on the selling price of similar property in neighbouring areas. As of December 31, 2024 and 2023, the fair value was \$1,401,237 and \$1,383,415, respectively.

(e) Other income

Other income pertains to the Company's collections and payment transfer of utilities, steam and waste disposal costs, etc. for Formosa Advanced Technologies Co., Ltd. for the years ended December 31, 2024 and 2023 amounting to \$25,772 and \$21,020, respectively.

(f) Formosa Advanced Technologies Co., Ltd. has planned to expand its plant capacity and entrusted the Company 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 December 31, 2024, the amount of \$23,301 was recognized under 'Other current liabilities'.

(g) In order to expand production capacity, Formosa Advanced Technologies Co., Ltd. leased 47 pieces of land including land number 254 in the west section of Meilin, Douliu City, to the Company for the construction of factory buildings. In order to cooperate with the construction of the new factory, Formosa Advanced Technologies Co., Ltd. entrusted the Company to handle the above-mentioned tasks. For the demolition and replacement of land properties on the leased land, the engineering service fees are collected and paid in accordance with the contract. As of December 31, 2024, the amount of \$3,520 was recognized under 'Other current liabilities'.

(h) Other receivables

	Items	December 31, 2024	December 31, 2023
Subsidiaries			
-Formosa Taffeta Dong Nai Co., Ltd.	Service fee, endorsement fee, payments made by the Company on behalf of related party and receivables from equipment sales	\$ 26,169	\$ 13,539
-Formosa Taffeta Vietnam Co., Ltd.		27,309	13,020
-Others		23	94
Associates			
-Others	Rent, utility expense, steam and waste disposal costs, etc.	7,104	6,107
Other related party			
-Others	Payments made by the Company on behalf of related party	115	139
		<u>\$ 60,720</u>	<u>\$ 32,899</u>

G. Endorsements and guarantees provided to related parties:

	December 31, 2024	December 31, 2023
Formosa Taffeta (Zhong Shan) Co., Ltd.	\$ 917,980	\$ 1,013,265
Formosa Taffeta Vietnam Co., Ltd.	1,672,035	1,320,315
Formosa Taffeta (Changshu) Co., Ltd.	1,803,175	1,688,775
Formosa Taffeta Dong Nai Co., Ltd.	4,344,013	4,068,413
	<u>\$ 8,737,203</u>	<u>\$ 8,090,768</u>

(4) Key management compensation

	Years ended December 31,	
	2024	2023
Salaries and other short-term employee benefits	<u>\$ 8,721</u>	<u>\$ 10,340</u>

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

Item	Book Value		Purpose
	December 31, 2024	December 31, 2023	
Non-current financial assets at amortized cost	<u>\$ 97,317</u>	<u>\$ -</u>	Performance guarantee

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

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

<u>Currency</u>	<u>Amount</u>
USD	\$ 407
EUR	471

(2) Contingencies-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 October 29, 2024, the Taiwan High Court has ordered that the Company is jointly liable to compensate TCB for the amount of NT\$290,657 and any requested interest. However, based on legal opinion, it should be noted that the second instance ruling still did not fully consider several vital defenses raised by the Company and proportional responsibility of both parties. The Company filed a third appeal on December 13, 2024. As such, the ultimate outcome of the appeal and amount of the lawsuit cannot presently be determined.
- 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.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

Refer to Note 6(14) F. for the distribution of 2024 earnings which was proposed by the Board of Directors on March 7, 2025.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings and short-term bills payable' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

At December 31, 2024, the Company's strategy was unchanged from December 31, 2023. The gearing ratios at December 31, 2024 and 2023 were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Total borrowings	\$ 8,200,296	\$ 10,400,000
Less: Cash and cash equivalents	( 2,173,727)	( 3,151,948)
Net debt	6,026,569	7,248,052
Total equity	36,910,517	54,351,972
Total capital	<u>\$ 42,937,086</u>	<u>\$ 61,600,024</u>
Gearing ratio	<u>14%</u>	<u>12%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income	\$ 16,036,550	\$ 33,863,521
Financial assets at amortized cost	<u>4,108,925</u>	<u>4,656,577</u>
	<u>\$ 20,145,475</u>	<u>\$ 38,520,098</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss	\$ -	\$ 479
Financial liabilities at amortized cost	<u>10,736,613</u>	<u>12,623,610</u>
	<u>\$ 10,736,613</u>	<u>\$ 12,624,089</u>

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

B. Financial risk management policies

- (a) The Company'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 Company 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. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company'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 Company's transactions are conducted in foreign currencies, which are subject to exchange rate fluctuation. The information on foreign currency denominated assets and liabilities is as follows:

December 31, 2024			
	Foreign Currency		Book Value
	Amount (In Thousands)	Exchange Rate	(NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 60,558	32.78	\$ 1,985,091
<u>Non-monetary items</u>			
VND:NTD	5,039,808,676	0.0013	6,506,393
HKD:NTD	929,502	4.21	3,917,478
CHF:NTD	22,581	36.21	817,647
December 31, 2023			
	Foreign Currency		Book Value
	Amount (In Thousands)	Exchange Rate	(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
<u>Non-monetary items</u>			
VND:NTD	4,992,790,221	0.0013	6,490,627
HKD:NTD	311,036	3.39	1,222,371
RMB:NTD	776,701	4.34	3,370,882
CHF:NTD	28,433	36.37	1,034,108

- ii. The total exchange gain and loss, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2024 and 2023, amounted to \$166,654 and \$29,865, respectively.

iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 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%	\$ 19,851	\$ -
<u>Non-monetary items</u>			
VND:NTD	1%	-	65,064
HKD:NTD	1%	-	39,175
CHF:NTD	1%	-	8,176

  

Year ended December 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%	\$ 27,899	\$ -
JPY:NTD	1%	1,324	-
<u>Non-monetary items</u>			
VND:NTD	1%	-	64,906
HKD:NTD	1%	-	12,229
RMB:NTD	1%	-	33,709
CHF:NTD	1%	-	10,341

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company'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 year ended December 31, 2023 would have increased \$5, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity for the years ended December 31, 2024 and 2023 would

have increased/decreased by \$160,365 and \$338,635, respectively, as a result of other comprehensive income on equity investment classified as at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the years ended December 31, 2024 and 2023, the Company's borrowings at variable rate were denominated in the NTD.
- ii. The Company'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 years ended December 31, 2024 and 2023 would have decreased/increased by \$65,600 and \$83,200, 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 Company 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 Company 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 Company's credit policy, the Company 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 Company 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 Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- v. The Company classifies customer's accounts receivable and contract assets in accordance with product types and customer types. The Company applies the simplified approach using the provision matrix to estimate expected credit loss.

- vi. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.
- vii. The Company uses the forecastability of National Development Council Business Cycle Indicator to adjust historical and timely information to assess the default possibility of notes receivable and accounts receivable and contract assets. On December 31, 2024 and 2023, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31 to 90 days past due	Over 90 days past due	Total
<u>At December 31, 2024</u>					
Expected loss rate	0%~0.84%	0%~4.77%	100%	100%	
Total book value	\$ 1,404,248	\$ 12,353	\$ 6,820	\$ 1,721	\$ 1,425,142
Loss allowance	11,797	589	6,820	1,721	20,927
	Not past due	Up to 30 days past due	31 to 90 days past due	Over 90 days past due	Total
<u>At December 31, 2023</u>					
Expected loss rate	0%~0.03%	0.03%~71%	100%	100%	
Total book value	\$ 1,216,155	\$ 6,288	\$ 4,201	\$ 9,588	\$ 1,236,232
Loss allowance	3,842	3,296	4,201	9,588	20,927

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

	Year ended December 31, 2024	
	Notes receivable	Accounts receivable
At January 1 (At December 31)	\$ -	(\$ 20,927)
	Year ended December 31, 2023	
	Notes receivable	Accounts receivable
At January 1	\$ -	(\$ 31,678)
Reversal of impairment loss	-	10,751
At December 31	\$ -	(\$ 20,927)

(c) Liquidity risk

- i. The Company's investments in equity financial instruments which have active markets are expected to be sold easily and quickly in the market at the price close to fair value. The Company's investments in equity financial instruments without active markets are exposed to liquidity risk.
- ii. Due to well-managed operations, the Company has an excellent credit in financial institutions and the money market, and has adequate working capital to meet commitments associated with receivables and payables. Therefore, no liquidity risk is

expected to arise.

- iii. The table below analyses the Company'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.

Non-derivative financial liabilities:

<u>December 31, 2024</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Lease liability	\$ 165,997	\$ 163,055	\$ 333,882	\$ 202,546
Long-term borrowings (including current portion)	166,440	6,109,280	2,433,300	-

Non-derivative financial liabilities:

<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Lease liability	\$ 153,623	\$ 140,871	\$ 352,614	\$ 214,385
Long-term borrowings (including current portion)	197,767	10,597,767	-	-

- iv. The Company 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 information

- 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 Company'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 Company'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 Company'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, 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>December 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>\$ 13,192,213</u>	<u>\$ 210,300</u>	<u>\$ 2,634,037</u>	<u>\$ 16,036,550</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>

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

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

	<u>Listed shares</u>
Market quoted price	Closing 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 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 Company 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 Company's credit quality.

D. For the years ended December 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 years ended December 31, 2024 and 2023:

	<u>Year ended December 31, 2024</u>
	<u>Non-derivative equity instruments</u>
At January 1	\$ 2,671,786
Gains and losses recognized in other comprehensive income	
Recorded as unrealized losses on valuation of investments in equity instruments measured at fair value through other comprehensive income	( 37,749)
At December 31	<u>\$ 2,634,037</u>
	<u>Year ended December 31, 2023</u>
	<u>Non-derivative equity instruments</u>
At January 1	\$ 2,409,658
Acquired during the year	
Gains and losses recognized in other comprehensive income	
Recorded as unrealized gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	262,128
At December 31	<u>\$ 2,671,786</u>

F. For the years ended December 31, 2024 and 2023, there was no transfer into or out from Level 3.

G. The accounting segment 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 ensure 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.

- H. 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 December 31, 2024	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non- derivative equity instrument:				
Unlisted shares	\$ 99,734	Market comparable companies	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	The higher the multiple, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
	2,534,303	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 EBITA multiple, discount for lack of marketability	The higher the multiple, 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

- I. The Company 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 other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

			December 31, 2024	
			Recognized in other comprehensive income	
			Favourable change	Unfavourable change
	Input	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%	\$ 997	\$ 997
			December 31, 2023	
			Recognized in other comprehensive income	
			Favourable change	Unfavourable change
	Input	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

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

In accordance with “Rules Governing the Preparation of Financial Statements by Securities Issuers”, significant transactions for the year ended December 31, 2024 are stated as follows. Furthermore, the inter-company transactions were eliminated when preparing financial statements of investees which were audited by other independent auditors. The following disclosures are for reference only.

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), (9) 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

None.

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FORMOSA TAFFETA CO., LTD.  
Provision of endorsements and guarantees to others  
For the year ended December 31, 2024

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	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 December 31, 2024 (Note 4)	Outstanding endorsement/ guarantee amount at December 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 company	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/ guarantees to the party in Mainland China (Note 7)	Footnote
0	FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA (ZHONG SHAN) CO., LTD.	2	\$ 23,991,836	\$ 1,083,555	\$ 917,980	\$ -	\$ -	2.49	\$ 47,983,672	Y	N	Y	
0	FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA VIETNAM CO., LTD.	2	23,991,836	1,672,035	1,672,035	163,243	-	4.53	47,983,672	Y	N	N	
0	FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA (CHANGSHU) CO., LTD.	2	23,991,836	1,805,925	1,803,175	90,415	-	4.89	47,983,672	Y	N	Y	
0	FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA DONG NAI CO., LTD.	2	23,991,836	4,350,638	4,344,013	1,850,143	-	11.77	47,983,672	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.

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

For the year ended December 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 December 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	\$ 332,230	0.21	\$ 332,230	
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	23	-	23	
FORMOSA TAFFETA CO., LTD.	NAN YA PLASTICS CORPORATION	Other related party	Current financial assets at fair value through other comprehensive income	482,194	14,418	0.01	14,418	
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	210,300	2.35	210,300	
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	225,547	0.25	225,547	
FORMOSA TAFFETA CO., LTD.	FORMOSA PETROCHEMICAL CORP.	Other related party	Non-current financial assets at fair value through other comprehensive income	365,267,576	12,619,995	3.83	12,619,995	
FORMOSA TAFFETA CO., LTD.	SYNTRONIX CORPORATION	-	Non-current financial assets at fair value through other comprehensive income	234,166	8,062	0.54	8,062	
FORMOSA TAFFETA CO., LTD.	TOA RESIN CORPORATION LIMITED	Other related party	Non-current financial assets at fair value through other comprehensive income	14,400	45,026	10.00	45,026	
FORMOSA TAFFETA CO., LTD.	SHIN YUN GAS CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	995,829	26,828	1.20	26,828	
FORMOSA TAFFETA CO., LTD.	FG INC	Other related party	Non-current financial assets at fair value through other comprehensive income	600	273,006	3.00	273,006	
FORMOSA TAFFETA CO., LTD.	NKFG	Other related party	Non-current financial assets at fair value through other comprehensive income	1,838,426	19,818	1.16	19,818	
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	2,261,297	3.85	2,261,297	
FORMOSA DEVELOPMENT CO., LTD.	FORMOSA TAFFETA CO., LTD.	Parent company	Non-current financial assets at fair value through other comprehensive income	2,193,228	40,246	0.13	40,246	

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.  
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more  
For the year ended December 31, 2024

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)			Footnote (Note 2)
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
FORMOSA TAFFETA CO., LTD.	QUANG VIET ENTERPRISE CO., LTD.	Associate	Sales	(\$ 193,717) (	0.91)	Pay by mail transfer 60 days after delivery	\$ -	-	Accounts receivable	\$ 26,093	1.71	
FORMOSA TAFFETA CO., LTD.	YUGEN YUEH CO., LTD.	Other related party	Sales	( 219,240) (	1.03)	Pay 120 days after delivery	-	-	Accounts receivable	46,017	3.02	
FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA DONG NAI CO., LTD.	Subsidiary	Sales	( 141,863) (	0.67)	60 days after monthly billings	-	-	Accounts receivable	14,455	0.95	
FORMOSA TAFFETA CO., LTD.	FORMOSA PETROCHEMICAL CORPORATION	Other related party	Purchases	9,614,261	56.97	Pay every 15 days by mail transfer	-	-	Accounts payable	( 527,118) (	53.06)	
FORMOSA TAFFETA CO., LTD.	FORMOSA CHEMICALS & FIBRE CORPORATION	Ultimate parent company	Purchases	626,791	3.71	Draw promissory notes due in 2 months after inspection	-	-	Notes payable	( 35,000) (	23.71)	
									Accounts payable	( 254,005) (	25.57)	
FORMOSA TAFFETA CO., LTD.	NAN YA PLASTICS CORPORATION	Other related party	Purchases	500,341	2.96	Payment every 15 days by mail transfer	-	-	Accounts payable	( 38,009) (	3.83)	
FORMOSA TAFFETA CO., LTD.	FORMOSA PLASTICS CORP.	Other related party	Purchases	210,945	1.25	Payment every 15 days by mail transfer	-	-	Accounts payable	( 10,941) (	1.10)	
FORMOSA TAFFETA (ZHONG SHAN) CO., LTD.	FORMOSA TAFFETA (CHANGSHU) CO., LTD.	Associate	Sales	( 168,002) (	10.65)	60 days after monthly billings	-	-	Accounts receivable	22,502	9.99	

FORMOSA TAFFETA CO., LTD.  
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more  
For the year ended December 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 (ZHONG SHAN) CO., LTD.	FORMOSA TAFFETA CO., LTD.	Parent company	Sales	(\$ 198,434)	( 12.58)	60 days after monthly billings	\$ -	-	Accounts receivable	\$ 68,082	30.21	
FORMOSA TAFFETA VIETNAM CO., LTD.	KWANG VIET GARMENT CO., LTD.	Other related party	Sales	( 150,864)	( 5.17)	60 days after monthly billings	-	-	Accounts receivable	44,797	9.66	
FORMOSA TAFFETA DONG NAI CO., LTD.	FORMOSA TAFFETA VIETNAM CO., LTD.	Associate	Sales	( 407,098)	( 12.73)	60 days after monthly billings	-	-	Accounts receivable	32,924	5.99	
FORMOSA TAFFETA DONG NAI CO., LTD.	KWANG VIET GARMENT CO., LTD.	Other related party	Sales	( 192,909)	( 6.03)	60 days after monthly billings	-	-	Accounts receivable	51,173	9.31	
FORMOSA TAFFETA DONG NAI CO., LTD.	FORMOSA CHEMICALS & FIBRE CORPORATION	Ultimate parent company	Purchases	176,838	8.53	60 days after monthly billings	-	-	Accounts payable	( 16,756)	( 12.97)	
FORMOSA TAFFETA DONG NAI CO., LTD.	FORMOSA INDUSTRIES CORP.	Associate	Purchases	508,523	24.54	60 days after monthly billings	-	-	Accounts payable	( 60,486)	( 46.83)	

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.  
Significant inter-company transactions during the reporting period  
For the year ended December 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	\$ 626,791	Draw promissory notes due in 2 months after inspection	2.18
0	FORMOSA TAFFETA CO., LTD.	FORMOSA CHEMICALS & FIBRE CORPORATION	1	Notes payable	35,000	Draw promissory notes due in 2 months after inspection	0.07
0	FORMOSA TAFFETA CO., LTD.	FORMOSA CHEMICALS & FIBRE CORPORATION	1	Accounts payable	254,005	Draw promissory notes due in 2 months after inspection	0.49

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 based on 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.  
Information on investees  
For the year ended December 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 December 31, 2024			Net profit (loss)	Investment income (loss)	Footnote
				Balance as at	Balance as at	Number of shares	Ownership (%)	Book value	of the investee for the year	recognized by the	
				December 31, 2024	December 31, 2023				ended December 31, 2024	company for the year	
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	\$ 3,917,478	\$ 227,523	\$ 227,523	
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	4,707,305	900,345	276,226	
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	170,359	8,340	7,243	
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	2,538,006	178,987	178,987	
FORMOSA TAFFETA CO., 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	213,771	213,771	18,595,352	17.98	1,441,990	401,988	75,655	
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	1,286,333 (	745,614) (	74,561)	
FORMOSA TAFFETA CO., LTD.	SCHOELLER TEXTIL AG	Switzerland	Textile R&D, production and sales	1,285,507	1,285,507	21,874	50.00	817,647 (	347,803) (	173,901)	

## FORMOSA TAFFETA CO., LTD.

## Information on investees

For the year ended December 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 December 31, 2024			Net profit (loss)	Investment income (loss)	Footnote
				Balance as at	Balance as at	Number of shares	Ownership (%)	Book value	of the investee for the year	recognized by the	
				December 31, 2024	December 31, 2023				ended December 31, 2024	company for the year	
FORMOSA TAFFETA CO., LTD.	NAN YA PHOTONICS INCORPORATION	Taiwan	Manufacturing, installing, and supervising the engineer design of LED illumination systems/illumination arrangements	\$ 309,370	\$ 263,327	8,840,262	19.18	\$ 208,865	\$ 78,702	\$ 14,438	
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	2,682,054	( 39,542)	( 39,542)	
FORMOSA DEVELOPMENT CO., LTD.	FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	Taiwan	IC assembly, testing and modules	21,119	21,119	469,500	0.11	16,095	900,345	956	
FORMOSA DEVELOPMENT CO., LTD.	PUBLIC MORE INTERNATIONAL COMPANY LTD.	Taiwan	Employment service, manpower allocation and agency service etc	5,000	5,000	-	100.00	16,518	5,419	5,419	
PUBLIC MORE INTERNATIONAL COMPANY LTD.	QUANG VIET ENTERPRISE CO., LTD.	Taiwan	Processing and producon 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	1,712	401,988	61	

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 December 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 year ended December 31, 2024' column should fill in amount of net profit (loss) of the investee for this period.
- (3)The 'Investment income (loss) recognized by the Company for the year ended December 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 recognized by regulations.

FORMOSA TAFFETA CO., LTD.  
Information on investments in Mainland China  
For the year ended December 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 year ended December 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee for the year ended December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2024 (Note 2)	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 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	\$ 179,031	100.00	\$ 179,031	\$ 2,580,472	\$ 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	49,543	100.00	49,543	1,190,979	-	Note 4

Note 1: Investment methods are classified into the following nine 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 recognized by the Company for the year ended December 31, 2024 was baesd on the financial statements that were audited by the independent 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 December 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 December 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. was the surviving company, while Chang Shu Yu Yuan Development Co., Ltd. was liquidated in 2022.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 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	\$ 1,520,992	\$ 22,146,310
FORMOSA TAFFETA (CHANGSHU) CO., LTD.	1,334,739	1,376,760	22,146,310

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 = 1:32.78

FORMOSA TAFFETA CO., LTD.

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

For the year ended December 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 December 31, 2024	%	Balance at December 31, 2024	Purpose	Maximum balance during the year ended December 31, 2024	Balance at December 31, 2024	Interest rate	Interest during the year ended December 31, 2024	Others
FORMOSA TAFFETA (ZHONG SHAN) CO., LTD.	\$ 6,919	0.02	\$ -	-	\$ 400	0.02	\$ 917,980	For short-tem loans from financial institutions	\$ -	\$ -	-	\$ -	-
FORMOSA TAFFETA (CHANGSHU) CO., LTD.	9,232	0.03	8,799	0.09	1,004	0.04	1,803,175	For short-tem loans from financial institutions	-	-	-	-	-

FORMOSA TAFFETA CO., LTD.  
Information on Major Shareholders  
December 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

FORMOSA TAFFETA CO., LTD.  
STATEMENT OF CASH AND CASH EQUIVALENTS  
DECEMBER 31, 2024

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

Statement 1

Item	Description	Amount
Revolving funds		\$ 9,472
Cash on hand		31,850
Cash in banks—Check deposit		186,114
—Demand deposit		386,607
—Foreign exchange deposit	USD 10,108,657.23 dollars , exchange rate 32.785	331,412
	JPY 233,216,727.25 dollars , exchange rate 0.2099	48,952
	EUR 229,177.98 dollars , exchange rate 34.14	7,824
	HKD 20,638.46 dollars , exchange rate 4.222	87
	CHF 6,380.68 dollars , exchange rate 36.265	231
—Foreign time deposit	USD 4,000 thousand , Interest rate 4.88% , exchange rate 32.785 , due date: 2025/01/03	131,140
	USD 4,000 thousand , Interest rate 4.90% , exchange rate 32.785 , due date: 2025/01/07	131,140
	USD 4,000 thousand , Interest rate 4.83% , exchange rate 32.785 , due date: 2025/01/20	131,140
	USD 4,000 thousand , Interest rate 4.75% , exchange rate 32.785 , due date: 2025/02/26	131,140
	USD 3,700 thousand , Interest rate 4.46% , exchange rate 32.785 , due date: 2025/02/04	121,305
Cash equivalents—Commercial Paper	1.22% , due date: 2025/01/06	102,921
	1.22% , due date: 2025/01/06	33,954
	1.22% , due date: 2025/01/06	128,584
	1.22% , due date: 2025/01/06	42,960
	1.22% , due date: 2025/01/06	76,894
	1.20% , due date: 2025/01/10	140,000
		<u>\$ 2,173,727</u>

FORMOSA TAFFETA CO., LTD.  
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT  
DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 2

Name of Financial Instruments	Opening balance		Additions (Note)		Reductions		Ending balance		Pledged as collateral	Note
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount		
Current										
Formosa Chemicals & Fibre Corp.	12,169,610	\$ 866,180	-	\$ -	-	\$ -	12,169,610	\$ 866,180	None	
Formosa Plastics Corp.	640	28	-	-	-	-	640	28	None	
Nan Ya Plastics Corp.	482,194	34,077	-	-	-	-	482,194	34,077	None	
Pacific Electric Wire and Cable Co., Ltd.	35	-	-	-	-	-	35	-	None	
Asia Pacific Investment Corp.	10,000,000	100,000	-	-	-	-	10,000,000	100,000	None	
		1,000,285		-		-		1,000,285		
Valuation		112,898		-		( 556,212)		( 443,314)		
		<u>\$ 1,113,183</u>		<u>\$ -</u>		<u>(\$ 556,212)</u>		<u>\$ 556,971</u>		
Non-current										
Nanya Technology Corp.	7,711,010	\$ 2,507,232	-	\$ -	-	\$ -	7,711,010	\$ 2,507,232	None	
Formosa Petrochemical Corp.	365,267,576	5,655,893	-	-	-	-	365,267,576	5,655,893	None	
Toa Resin Corporation Limited.	14,400	3,000	-	-	-	-	14,400	3,000	None	
Syntronix Corp.	234,166	3,785	-	-	-	-	234,166	3,785	None	
Shin Yun Gas Co., Ltd.	948,409	3,100	47,420	-	-	-	995,829	3,100	None	
NKFG	1,838,426	55,400	-	-	-	-	1,838,426	55,400	None	
Formosa HA TINH (CAYMAN) LIMITED	209,101,676	6,241,045	-	-	-	-	209,101,676	6,241,045	None	
FG INC	600	341,336	-	-	-	-	600	341,336	None	
		14,810,791		-		-		14,810,791		
Valuation		17,939,547		-		( 17,270,759)		668,788		
		<u>\$ 32,750,338</u>		<u>\$ -</u>		<u>(\$ 17,270,759)</u>		<u>\$ 15,479,579</u>		

Note: The increase was due to the stock dividends allocated by invested company.

FORMOSA TAFFETA CO., LTD.  
STATEMENT OF ACCOUNTS RECEIVABLE  
DECEMBER 31, 2024

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

Statement 3

Client Name	Description	Amount	Note
Cheng Shin Rubber Ind., Co., Ltd.		\$ 191,539	
BUMBLEBEE		190,242	
MSI		71,658	
DUPONT TAIWAN LIMITED		71,083	
			The balance of each customer has not exceeded 5% of the accounts receivable balance.
Others		886,119	
		1,410,641	
Less: Allowance for bad debts		( 20,927)	
		\$ 1,389,714	

FORMOSA TAFFETA CO., LTD.  
STATEMENT OF INVENTORIES  
DECEMBER 31, 2024

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

Statement 4

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Raw materials		\$ 519,573	\$ 499,145	
Supplies		21,762	21,466	
Work in progress		1,922,263	1,922,263	
Finished goods		2,091,346	1,466,380	
Merchandise inventory		285,499	285,499	
Inventory in transit		197,927	197,927	
Outsourced processed materials		86,649	86,649	
		5,125,019	\$ 4,479,329	
Less: Allowance for valuation loss		( 645,690)		
		\$ 4,479,329		

FORMOSA TAFFETA CO., LTD.  
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

Name	Beginning Balance		Addition		Reductions		Ending Balance			Market Value or Net Assets Value			Collateral	Note
	Shares in thousands	Amount	Shares in thousands	Amount	Shares in thousands	Amount	Shares in thousands	Ownership (%)	Amount	Price (in TWD)	Total price			
Formosa Advanced Technologies Co., Ltd.	135,686	\$ 4,983,531	-	\$ 278,378	-	(\$ 554,604)	135,686	30.68%	\$ 4,707,305	28.20	\$ 3,826,359		None	
Formosa Taffeta Dong Nai Co., Ltd	-	2,673,298	-	48,298	-	( 39,542)	-	-	2,682,054	-	2,682,054		None	
Formosa Industries Corp	-	1,338,654	-	22,240	-	( 74,561)	-	-	1,286,333	-	1,286,333		None	
Formosa Taffeta Vietnam Co., Ltd.	-	2,318,906	-	222,846	-	( 3,746)	-	-	2,538,006	-	2,538,006		None	
Formosa Taffeta (Hong Kong) Co., Ltd	-	3,506,150	-	411,328	-	-	-	-	3,917,478	-	3,917,478		None	
Quang Viet Enterprise Corp	18,595	1,412,835	-	128,804	-	( 99,649)	18,595	17.98%	1,441,990	100.00	1,859,535		None	
Formosa Development Co.,Ltd	16,100	186,420	-	8,348	-	( 24,409)	16,100	100%	170,359	-	170,359		None	
Scheoller Textil AG	22	1,033,980	-	-	-	( 216,333)	22	50%	817,647	-	817,647		None	
Nan Ya Photonics Inc.	7,014	176,689	1,826	61,268	-	( 29,092)	8,840	19.18%	208,865	-	208,865		None	
		<u>\$ 17,630,463</u>		<u>\$ 1,181,510</u>		<u>(\$ 1,041,936)</u>			<u>\$ 17,770,037</u>		<u>\$ 17,306,636</u>			

FORMOSA TAFFETA CO., LTD.  
STATEMENT OF LONG-TERM BORROWINGS  
DECEMBER 31, 2024

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

Statement 6

Creditor	Description	Amount	Contract Period	Interest Rate	Collateral	Note
First Bank	Credit loans	\$ 2,000,000	2024/06/05 ~ 2026/06/05	1.97%	None	
Hua Nan Bank	Credit loans	1,500,000	2024/03/13 ~ 2026/03/13	2.00%	None	
Far Eastern International Bank	Credit loans	1,200,000	2024/09/20 ~ 2027/09/20	2.05%	None	
KGI Bank	Credit loans	1,000,000	2024/08/06 ~ 2026/08/06	2.04%	None	
Mega International Commercial Bank	Credit loans	400,000	2024/11/21 ~ 2026/01/21	2.12%	None	
Bangkok Bank	Credit loans	400,000	2024/12/04 ~ 2026/12/02	2.08%	None	
China Trust Bank	Credit loans	400,000	2024/09/06 ~ 2026/09/06	2.08%	None	
Bank Sinopac	Credit loans	300,000	2024/09/12 ~ 2026/09/12	2.09%	None	
E. Sun Bank	Credit loans	1,000,000	2024/07/11 ~ 2027/07/09	2.04%	None	
		<u>\$ 8,200,000</u>				

FORMOSA TAFFETA CO., LTD.  
STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Statement 7

Item	Quantities		Amount	Note
Sales revenue				
Fabrics & dyeing				
Plant of woven and dyeing	61,298,166	Yard	\$ 6,233,304	Filament
Plant of 6th dyeing	288,604	Yard	25,415	Dyeing
Plant of tyre cord	12,868,272	KG	2,498,154	Tyre cord
Plant of PE bags	3,419,204	KG	256,456	PE bags
Plant of cotton fibers	8,145	PC	359,597	Yarn count
Plant of special finished fabrics	4,539,106	Yard	601,275	Special finished fabrics
Plant of carbon fibers	791,212	Yard	234,394	Carbon Fibers
Petroleum products	394,773,070	Yard	10,886,384	Gasoline
			21,094,979	
Less: Sales returns and allowance			( 15,949)	
Sales discount			( 24,752)	
			21,054,278	
Service revenue			248,532	
			<u>\$ 21,302,810</u>	

FORMOSA TAFFETA CO., LTD.  
STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Statement 8

Item	Summary	Amount	Note
Raw materials used			
Beginning raw materials		\$ 711,938	
Raw materials purchased		5,665,213	
Ending raw materials	(	804,149)	
Transferred to manufacturing expense	(	313,850)	
		<u>5,259,152</u>	
Supplies			
Beginning supplies		176,510	
Supplies purchased		812,444	
Ending supplies	(	21,762)	
Transferred to manufacturing expense	(	915,409)	
		<u>51,783</u>	
Direct materials		5,310,935	
Direct labor		748,607	
Manufacturing expense		<u>2,803,555</u>	
Manufacturing costs		<u>8,863,097</u>	
Beginning work in progress		2,175,203	
Ending work in progress	(	1,922,263)	
Cost of finished goods		<u>9,116,037</u>	
Beginning finished goods		2,213,581	
Ending finished goods	(	2,091,346)	
Cost of goods manufactured and sold		<u>9,238,272</u>	
Beginning merchandise inventories		251,076	
Net purchases for the year		9,619,244	
Other		8,051	
Ending merchandise inventories	(	285,499)	
Cost of goods sold from purchase		<u>9,592,872</u>	
Cost of inventories sold		18,831,144	
Add: Inventory shortage			
and disposal of scrap		19,370	
Idle capacity		237,473	
Loss on inventory valuation		73,429	
Service cost		<u>242,123</u>	
		<u>\$ 19,403,539</u>	

FORMOSA TAFFETA CO., LTD.  
STATEMENT OF MANUFACTURING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Statement 9

Item	Description	Amount	Note
Utilities		\$ 563,006	
Depreciation		535,882	
Indirect labor		525,822	
Steam expense		342,123	
Repair and maintenance expense		189,319	
Others		647,403	The balance of each item has not exceeded 5% of the total manufacturing expenses.
		<u>\$ 2,803,555</u>	

FORMOSA TAFFETA CO., LTD.  
STATEMENT OF SELLING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Statement 10

Item	Description	Amount	Note
Salary and Wages		\$ 642,564	
Depreciation		190,741	
Shipping expenses		128,085	
Advertisement expense		107,706	
			The balance of each item has
Others		283,596	not exceeded 5% of the total
		<u>\$ 1,352,692</u>	selling expenses.

FORMOSA TAFFETA CO., LTD.  
STATEMENT OF ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

Item	Description	Amount	Note
Salary and Wages		\$ 202,078	
Depreciation expense		41,897	
Utilities		39,724	
Repair and maintenance expense		25,272	
			The balance of each item has not exceeded 5% of the total administrative expenses.
Others		185,829	
		<u>\$ 494,800</u>	

FORMOSA TAFFETA CO., LTD.  
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS AND DEPRECIATION EXPENSES BY FUNCTION  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

Function Nature	Year ended December 31, 2024			Year ended December 31, 2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	\$ 1,193,479	\$ 790,898	\$ 1,984,377	\$ 1,257,082	\$ 793,605	\$ 2,050,687
Labour and health insurance fees	145,799	90,149	235,948	154,352	84,922	239,274
Pension costs	47,481	37,300	84,781	54,448	36,090	90,538
Directors' remuneration	-	4,570	4,570	-	5,046	5,046
Other personnel expenses	55,763	16,376	72,139	58,774	20,942	79,716
Depreciation (including Right-of-use assets and investment property)	535,882	262,048	797,930	552,384	244,676	797,060

Note :

1. As at December 31, 2024 and 2023, the Company had 3,950 and 4,139 employees, including 8 and 8 non-employee directors, respectively.
2. A company whose stock is listed on the Taiwan Stock Exchange shall additionally disclose the following information:
  - Average employee benefit expense in current year was \$603,056 (in dollars).
  - ('total employee benefit expense for the year -total directors' remuneration/' the number of employees in the current year- the number of non-employee directors)
  - Average employee benefit expense in previous year was \$595,549 (in dollars).
  - ('total employee benefit expense for the previous year -total directors' remuneration/' the number of employees in the previous year- the number of non-employee directors)
3. Average employees salaries in current year was \$503,393 (in dollars).
- ('total salaries and wages for the current year/' the number of employees in the current year- the number of non-employee directors')
- Average employees salaries in previous year was \$496,414 (in dollars).
- ('total salaries and wages for the previous year/' the number of employees in the previous year-the number of non-employee directors')

FORMOSA TAFFETA CO., LTD.  
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS AND DEPRECIATION EXPENSES BY FUNCTION (Cont.)  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

4. Adjustments of average employees salaries was 1.41%.

(the average employee salaries and wages for the current year-the average employee salaries and wages for the previous year'  
/the average employee salaries and wages for the previous year')

5. The Company has established an audit committee in lieu of a supervisor and the disclosure of information on supervisors' remuneration is not applicable.

6. The Company's compensation policies:

(1) The directors' compensation policy, criteria, and combination, procedure for determination of compensation and their association with business performance:

A. Article 18 of the Company's charter stipulates that the Board of Directors is authorized to determine the compensation for the directors, taking into consideration the extent and value of the service provided for the management of the company and the standards of the industry.

B. Article 30 of the Company's charter stipulates that should the Company turn in profit in a specific year, provision should be made for bonus payout, equivalent to 0.05% to 0.5% of pretax profit, before deduction of compensation for employees and directors, for employees and up to 0.5% for directors.

(2) The executive officers compensation policy, criteria, and combination, procedure for determination of compensation and their association with business performance:

A. The total compensation paid to the executive officers is decided based on their performance, contribution to the operations, the standards of the industry and projected future risks the Company will face. It is reviewed by the Compensation Committee and then submitted to the Board of Directors for approval.

B. Article 30 of the Company's charter stipulates that should the Company turn in profit in a specific year, provision should be made for bonus payout, equivalent to 0.05% to 0.5% of pretax profit, before deduction of compensation for employees and directors, for employees and up to 0.5% for directors.

FORMOSA TAFFETA CO., LTD.  
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS AND DEPRECIATION EXPENSES BY FUNCTION (Cont.)  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

- (3) The employees compensation policy, criteria, and combination, procedure for determination of compensation and their association with business performance:
- A. The total compensation paid to the employees is decided based on their individual performance, contribution to the Company's strategic objectives, industry practice and projected future risks the Company will face. The Company provides various career development, bonus and training for employees with excellent performance and development potential. Also, the Company select the talent employee through fair promotion system and offer higher position and responsibility and comparatively generous compensation in order to drive the upward development.
- B. Article 30 of the Company's charter stipulates that should the Company turn in profit in a specific year, provision should be made for bonus payout, equivalent to 0.05% to 0.5% of pretax profit, before deduction of compensation for employees and directors, for employees and up to 0.5% for directors.