Stock Code:1477

MAKALOT INDUSTRIAL CO., LTD.

Parent-Company-Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023

Address: 8F, No. 550, Sec. 4, Zhongxiao E. Rd., Taipei City
Telephone: (02)2345-5588

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

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安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
電 話 Tel + 886 2 8101 6666
傳 真 Fax + 886 2 8101 6667
網 址 Web kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of Makalot Industrial Co., Ltd.:

Opinion

We have audited the financial statements of Makalot Industrial Co., Ltd.("the Company"), which comprise the balance sheets as of December 31, 2024 and 2023, the statements of comprehensive income, changes in equity and 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 auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and 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 the 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 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. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not express an opinion on these matters, separately. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

   Please refer to Note 4(o) "Revenue recognition" and Note 6(q) "Revenue from contracts with the customers" to the financial statements.

   <u>Description of key audit matter</u>

   The Company is primarily involved in the manufacturing and processing of garments. Revenue recognition is the main concern of the users of the financial statements. Therefore, we determined that the revenue recognition is a key audit matter.

How the matter was addressed in our audit

Our principal audit procedures included: understanding the design and effectiveness of the Company's internal controls on revenue recognition; assessing whether the revenue recognition was performed in accordance with the Company's policy; performing trend and comparison analysis on revenue from major clients to assess the significant exceptions; performing sales cut-off test of a period before and after the reporting date by vouching relevant documents of sales transactions to determine whether sales transactions have been appropriately recognized.

2. Derecognition of financial assets

Please refer to Note 4(f) "Financial assets" and Note 6(c) "Factoring and derecognition of accounts receivable" to the financial statements.

Description of key audit matter

The Company factored its accounts receivable to certain financial institutions to manage its credit risk on accounts receivable. The judgments on derecognition of financial assets involved particular accounting treatments. Therefore, we determined that the derecognition of financial asset is a key audit matter.

How the matter was addressed in our audit

Our principal audit procedures included: understanding the internal controls of the Company applied in factoring its accounts receivable; reviewing the factoring agreements with banks; assessing whether the factoring of accounts receivable was performed in accordance with the Company's policy; assessing whether the disclosure of factoring transactions was appropriate, including performing the confirmation procedure.

3. Inventory valuation

Please refer to Note 4(g) "Inventories", Note 5(b) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" and Note 6(d) "Inventories" of the financial statements.

Description of key audit matter

The inventories of the Company are measured at the lower of cost and net realizable value. Since the amount of inventories has significant impact on the financial statements of the Company and the environment in the industry changes rapidly, the cost of inventories might have a risk to exceed the net realizable value. Therefore, we determined that the assessment of inventory valuation is a key audit matter.

How the matter was addressed in our audit

Our principal audit procedures included: understanding the Company's inventory management policies, such as the policy of management and valuation of inventories; assessing whether the inventory management and valuation were performed in accordance with the Company's policy; performing sampling procedures to understand the net realizable values used by management and the prices in a period after the reporting date to ensure the appropriateness of the valuation; sampling and inspecting the accuracy of the inventory aging report; assessing whether the disclosure of provision for inventory valuation and obsolescence was appropriate at the reporting date.

4. Investment accounted for using equity method

   Please refer to Note 4 (h) and (i) “investment accounted for using equity method” and Note 6 (e) “Details of investment accounted for using equity method” to the financial statements.

   Description of key audit matter

   The investments of the Company accounted for using equity method are mainly its subsidiaries all across the globe, wherein amounts of the investments has significant impact on the assets of the Company. Therefore, we determined that the investment accounted for using equity method is a key audit matter.

   How the matter was addressed in our audit

   Our principal audit procedures included: understanding the internal controls of the Company applied in the investment accounted for using equity method; acquiring the detail movements of the investment accounted for using equity method and examining their transaction records and related documents; assessing whether the investment accounted for using equity method was performed in accordance with the Company’s policy; acquiring the detailed calculation of the investment accounted for using equity method and evaluating whether the Company recognizes the share of profit or loss of its subsidiaries and associates accounted for equity method and the exchange difference on translation of foreign operations according to the appropriate percentage of the investment; understanding whether the difference between the cost of the investment accounted for using equity method and the net equity held by the Company was addressed appropriately by the nature of their differences.

Other Matter

We did not audit the financial statements of certain investments, which represented investments accounted for using equity method of the Company. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included below, is based solely on the reports of other auditors. The investments accounted for using equity method audited by other auditors both constituted 1% of the total assets as of December 31, 2024 and 2023, and the related shares of profit or loss of subsidiaries and associates accounted for using equity method constituted 1% and 2% of the profit before income tax 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 audit committees) are responsible for overseeing the Company’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the 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 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.

The engagement partners on the audit resulting in this independent auditors' report are Yu, Chi-Lung and Lin, Heng-Shen.

KPMG

Taipei, Taiwan (Republic of China)
March 12, 2025

Notes to Readers

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

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

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

MAKALOT INDUSTRIAL CO., LTD.

Balance Sheets

December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (notes 6(a)(t))	$ 2,196,179	10	2,370,440	10
1110	Current financial assets at fair value through profit or loss (notes 6(b)(t))	202,680	1	211,845	1
1170	Notes and accounts receivable, net (notes 6(c)(q)(t))	757,726	3	1,429,780	6
1210	Other receivables due from related parties, net (notes 6(c)(t) and 7)	113,615	1	233,284	1
1310	Inventories, manufacturing business, net (note 6(d))	4,569,846	21	3,891,713	16
1476	Other current financial assets (notes 6(c)(t))	5,373,421	24	7,576,147	31
1479	Other current assets, others (note 6(i) and 7)	110,771	-	98,028	-
		13,324,238	60	15,811,237	65
	Non-current assets:				
1550	Investments accounted for using equity method, net (note 6(e))	2,731,299	12	2,661,229	11
1600	Property, plant and equipment (notes 6(f) and 8)	2,846,219	13	2,867,017	12
1755	Right-of-use assets (notes 6(g)(w))	-	-	13,349	-
1821	Intangible assets, net (note 6(h))	19,443	-	21,343	-
1840	Deferred tax assets (note 6(n))	18,724	-	33,155	-
1942	Long-term receivables due from related parties (notes 6(t) and 7)	3,058,112	14	2,616,445	11
1990	Other non-current assets, others (notes 6(i)(t) and 8)	161,256	1	160,800	1
		8,835,053	40	8,373,338	35
	Total assets	**$ 22,159,291**	**100**	**24,184,575**	**100**

		December 31, 2024		December 31, 2023	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (notes 6(j)(t))	$ 1,085,051	5	1,459,912	6
2170	Accounts payable (note 6(t))	1,667,406	7	1,644,068	7
2180	Accounts payable to related parties (notes 6(t) and 7)	1,448,820	7	1,501,486	6
2200	Other payables (note 6(t))	2,362,991	11	2,405,111	10
2220	Other payables to related parties (notes 6(t) and 7)	4,707	-	3,062	-
2230	Current tax liabilities	570,029	3	952,456	4
2251	Current provisions for employee benefits (note 6(m))	31,527	-	27,627	-
2259	Other short-term provisions (note 6(k))	247,093	1	234,060	1
2280	Current lease liabilities (notes 6(l)(t)(w))	-	-	13,634	-
2399	Other current liabilities, others (notes 7)	39,400	-	57,329	-
		7,457,024	34	8,298,745	34
	Non-Current liabilities:				
2570	Deferred tax liabilities (note 6(n))	19,386	-	26,745	-
2580	Non-current lease liabilities (notes 6(l)(t)(w))	-	-	159	-
2640	Net defined benefit liability, non-current (note 6(m))	39,314	-	39,644	1
		58,700	-	66,548	1
	Total liabilities	7,515,724	34	8,365,293	35
	Equity (notes 6(o)(v)):				
3100	Ordinary shares	2,466,937	11	2,418,566	10
3200	Capital surplus	6,166,333	28	6,214,704	25
3300	Retained earnings	5,706,320	26	7,209,096	30
3410	Exchange differences on translation of foreign financial statements	303,977	1	(23,084)	-
	Total equity	14,643,567	66	15,819,282	65
	Total liabilities and equity	**$ 22,159,291**	**100**	**24,184,575**	**100**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

MAKALOT INDUSTRIAL CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

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

		2024		2023	
		Amount	%	Amount	%
4000	**Operating revenue, net (note 6(q))**	$ 34,200,852	100	31,585,714	100
5000	**Operating costs (notes 6(d)(m) and 7)**	26,911,297	79	24,778,979	78
	Gross profit from operations	7,289,555	21	6,806,735	22
	Operating expenses (notes 6(c)(i)(n)(o)(t), 7 and 12):				
6100	Selling expenses	1,472,792	4	1,409,157	5
6200	Administrative expenses	952,795	3	919,087	3
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(8,370)	-	5,948	-
	Total operating expenses	2,417,217	7	2,334,192	8
	Net operating income	4,872,338	14	4,472,543	14
	Non-operating income and expenses:				
7100	Interest income (notes 6(s) and 7)	247,109	1	205,734	1
7010	Other income (notes 6(s) and 7)	43,556	-	113,913	-
7020	Other gains and losses, net (notes 6(s)(t))	100,345	-	127,085	1
7050	Finance costs, net (notes 6(l)(s))	(346,093)	(1)	(254,559)	(1)
7070	Share of profit (loss) of investments accounted for using equity method	195,135	1	251,624	1
	Total non-operating income and expenses	240,052	1	443,797	2
7900	**Profit before income tax**	5,112,390	15	4,916,340	16
7951	Less: income tax expenses (note 6(n))	997,470	3	925,146	3
	Profit	4,114,920	12	3,991,194	13
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	(797)	-	(2,412)	-
8330	Share of other comprehensive income of subsidiaries and associates accounted for using equity method that will not be reclassified to profit or loss	42,386	-	1,555	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(159)	-	(482)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	41,748	-	(375)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	327,061	1	(21,880)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	327,061	1	(21,880)	-
8300	**Other comprehensive income**	368,809	1	(22,255)	-
	Comprehensive income	**$ 4,483,729**	**13**	**3,968,939**	**13**
	Earnings per share (note 6(p))				
9750	Basic earnings per share (in dollars)	**$ 16.68**		**16.18**	
9850	Diluted earnings per share (in dollars)	**$ 16.61**		**16.11**	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

MAKALOT INDUSTRIAL CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars)

			Retained earnings				Other equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Total equity
Balance at January 1, 2023	$ 2,418,566	6,214,704	2,489,062	380,119	3,856,016	6,725,197	(1,204)	15,357,263
Profit	-	-	-	-	3,991,194	3,991,194	-	3,991,194
Other comprehensive income	-	-	-	-	(375)	(375)	(21,880)	(22,255)
Total comprehensive income	-	-	-	-	3,990,819	3,990,819	(21,880)	3,968,939
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	356,350	-	(356,350)	-	-	-
Reversal of special reserve	-	-	-	(378,915)	378,915	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,506,920)	(3,506,920)	-	(3,506,920)
Balance at December 31, 2023	2,418,566	6,214,704	2,845,412	1,204	4,362,480	7,209,096	(23,084)	15,819,282
Profit	-	-	-	-	4,114,920	4,114,920	-	4,114,920
Other comprehensive income	-	-	-	-	41,748	41,748	327,061	368,809
Total comprehensive income	-	-	-	-	4,156,668	4,156,668	327,061	4,483,729
Appropriation and distribution of retained earnings:								
Reversal of special reserve	-	-	-	(1,204)	1,204	-	-	-
Cash dividends of ordinary share	-	-	-	-	(5,659,444)	(5,659,444)	-	(5,659,444)
Stock dividends from capital surplus	48,371	(48,371)	-	-	-	-	-	-
Balance at December 31, 2024	**$ 2,466,937**	**6,166,333**	**2,845,412**	**-**	**2,860,908**	**5,706,320**	**303,977**	**14,643,567**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

MAKALOT INDUSTRIAL CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars)

	2024	2023
Cash flows from operating activities:		
Profit before tax	$ 5,112,390	4,916,340
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	70,390	67,610
Amortization expense	10,741	7,937
Expected credit impairment loss (reversal of impairment loss)	(8,370)	5,948
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	37,157	(49,626)
Interest expense	346,093	254,559
Interest income	(247,109)	(205,734)
Dividend income	(12,076)	-
Share of profit of investments accounted for using equity method	(195,135)	(251,624)
Loss on disposal of property, plant and equipment	497	876
Gain on disposal of investments	(55,752)	(35,782)
Others	173	(17,157)
Total adjustments to reconcile profit	(53,391)	(222,993)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	680,424	(294,870)
Other receivable due from related parties	119,669	(195,645)
Inventories	(678,133)	354,785
Other financial assets	472,871	796,401
Other operating assets	(12,743)	41,630
Total changes in operating assets	582,088	702,301
Changes in operating liabilities:		
Accounts payable	23,338	297,008
Accounts payable to related parties	(52,666)	551,491
Other payables	(42,131)	147,038
Other payables to related parties	1,645	2,634
Other current liabilities	(17,929)	(60,956)
Accrued pension liabilities	(1,127)	(10,540)
Other operating liabilities	16,933	(29,929)
Total changes in operating liabilities	(71,937)	896,746
Total changes in operating assets and liabilities	510,151	1,599,047
Total adjustments	456,760	1,376,054
Cash inflow generated from operations	5,569,150	6,292,394
Interest received	249,626	196,040
Interest paid	(345,990)	(254,248)
Income taxes paid	(1,372,666)	(851,414)
Net cash flows from operating activities	4,100,120	5,382,772
Cash flows used in investing activities:		
Decrease in financial assets designated at fair value through profit or loss	27,760	28,239
Acquisition of investments accounted for using equity method	(108,577)	-
Proceeds from capital reduction of investments accounted for using equity method	94,302	4,694
Acquisition of property, plant and equipment	(41,377)	(58,312)
Proceeds from disposal of property, plant and equipment	4,819	667
Decrease in refundable deposits	2,019	78
Increase in other receivables due from related parties	(260,470)	(504,280)
Acquisition of intangible assets	(8,841)	(4,430)
Decrease (increase) in other financial assets	1,723,937	(657,880)
Dividends received	339,234	91,113
Net cash flows from (used in) investing activities	1,772,806	(1,100,111)
Cash flows used in financing activities:		
Increase (decrease) in short-term borrowings	(374,861)	73,446
Repayments of long-term borrowings	-	(164,020)
Payment of lease liabilities	(12,882)	(14,760)
Cash dividends paid	(5,659,444)	(3,506,920)
Net cash flows used in financing activities	(6,047,187)	(3,612,254)
Net (decrease) increase in cash and cash equivalents	(174,261)	670,407
Cash and cash equivalents at beginning of period	2,370,440	1,700,033
Cash and cash equivalents at end of period	**$ 2,196,179**	**2,370,440**

See accompanying notes to financial statements.

(1) Company history

Makalot Industrial Co., Ltd. (the Company) was incorporated on January 10, 1990 and registered with the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 8F, No.550, Sec. 4 Zhongxiao E. Rd., Taipei City. The Company is primarily involved in the manufacturing and processing of garments.

(2) Approval date and procedures of the financial statements

The parent-company-only financial statements were authorized for issuance by the Board of Directors on March 12, 2025.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2024:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its financial statements:

- Amendments to IAS21 "Lack of Exchangeability"

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

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027

MAKALOT INDUSTRIAL CO., LTD.
Notes to the Financial Statements

The Company is evaluating the impact on its financial position and financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(4) Summary of material accounting policies

The parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language parent-company-only financial statements, the Chinese version shall prevail.

The material accounting policies presented in the parent-company-only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements.

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value; and

2) The defined benefit liabilities (assets) are measured at the fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The financial statements are presented in New Taiwan Dollars, which is the Company' s functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

The Company classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(Continued)

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be classified as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company’s cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(f) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured atamortized cost or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Company intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the ‘trade receivables’ line item. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

· debt securities that are determined to have low credit risk at the reporting date; and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

(Continued)

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’s historical experience and informed credit assessment as well as forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being past due;

· the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

· it is probable that the borrower will enter bankruptcy or other financial reorganization.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

(Continued)

4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the amount of consideration received, less the direct cost of issuing.

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(Continued)

4) Offsetting of financial liabilities and assets

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivatives financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method and includes expenditure incurred in acquiring the inventories, manufacturing and processing costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-process, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of investment includes transaction costs. The carrying amount of investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The parent-company-only financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interest in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(Continued)

(i) Investment in subsidiaries

The Company uses the equity method on investees over which the Company has control when preparing the parent-company-only financial statements. The profit or loss for the period and other comprehensive income presented in individual financial statements shall be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the individual financial statements shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings 5 to 51 years

2) Machinery and equipment 5 to 6 years

3) Office and other equipment 2 to 15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(Continued)

(k) Lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset; or

— there is a change of its assessment on whether it will exercise an extension or termination option; or

— there is any lease modifications

(Continued)

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When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of buildings that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

(l) Intangible assets

(i) Recognition and measurement

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(Continued)

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are 3 to 5 years.

The residual values useful lives and amortization methods are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets, and assets arising from employee benefits) to determine whether there is any indication of impairment. If any such indication exists, then the asset’ s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss.

An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provision

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized in profit or loss.

(o) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good to a customer. The accounting policies for the Company's main types of revenue are explained below.

(i) Sale of goods

The Company is involved in the manufacturing, processing and wholesaling of garments. The Company recognizes its revenue when control of the products has been transferred, being when the products are delivered to the customer based on the clauses of the contract and there is no unfulfilled obligation that could affect the customer'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, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company offers discounts to specific customers. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated discounts. A certain proportion of sales is used to estimate the discounts and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

(Continued)

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

The Company has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

(Continued)

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) aaffects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(r) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

(Continued)

In a business combination achieved in stages, the Company remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Company may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Company had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Company's financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

(s) Earnings per share

The Company reports the basic earnings per share and the diluted earnings per share. The basic earnings per share are calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares comprise convertible bonds and employee compensation.

(t) Operating segments

The Company has already disclosed the segment information in the consolidated financial statements; therefore, the Company will not disclose the segment information again in the separate financial statements.

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

In preparing these parent-company-only financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

(Continued)

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the parent company only financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(a) The loss allowance of trade receivables

The Company has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(c).

(b) Valuation of inventory

Inventories are stated at the lower of cost or net realizable value. The Company estimates the net realizable value of inventory for normal waste, obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. For the estimation of the valuation of inventory, please refer to note 6(d).

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash	$ 783	1,009
Checking accounts and demand deposits	645,396	909,431
Time deposits	1,550,000	1,460,000
	$ 2,196,179	**2,370,440**

Please refer to note 6(t) for the sensitivity analysis of the financial assets and liabilities of the Company.

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

	December 31, 2024	December 31, 2023
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Stocks listed on domestic markets	$ 125,278	152,689
Fund	77,402	59,156
	$ 202,680	**211,845**

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(c) Notes and accounts receivable, other receivables —related parties and other financial assets-current

	December 31, 2024	December 31, 2023
Notes and accounts receivable－measured as amortized cost	$ 766,722	1,447,146
Other receivables－related parties	113,615	233,284
Other financial assets－current	5,373,421	7,576,147
Less: loss allowance	(8,996)	(17,366)
	$ 6,244,762	9,239,211

As of December 31, 2024 and 2023, other financial asset-current comprised time deposits with maturity of more than three months, amounting to $1,972,230 thousand and $3,700,000 thousand, respectively.

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2024. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance were determined as follows:

	December 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 763,697	1.2%	8,960
1 to 30 days past due	3,025	1.2%	36
	$ 766,722		8,996

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 1,426,694	1.2%	17,121
1 to 30 days past due	17,040	1.2%	204
More than 31 days past due	3,412	1.2%	41
	$ 1,447,146		17,366

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The movements in the allowance for accounts receivable were as follows:

		2024	2023
Balance at January 1	$	17,366	13,857
Impairment losses recognized (reversed)		(8,370)	5,948
Amount written off		-	(2,439)
Balance at December 31	$	**8,996**	**17,366**

None of the accounts receivable held by the Company were pledged or collateralized as of December 31, 2024 and 2023.

Accounts receivable of the Group had been insured accounts receivable credit risk. The insured amounts were $278,331 thousand and $493,623 thousand as of December 31, 2024 and 2023, respectively.

The Company entered into separate factoring agreements with different financial institutions to sell its accounts receivable. Under the agreement the Company does not have the responsibility to assume the default risk of the transferred accounts receivable within the factoring credit limit. The factored accounts receivable conform to the derecognition criteria when the ownership and the significant risks of the factored accounts receivable are transferred to the financial institutions. As of December 31, 2024 and 2023, the factored accounts receivable were $3,316,626 thousand and $3,688,955 thousand, respectively, and they were included in “other financial assets— current” in the accompanying balance sheets.

As of December 31, 2024 and 2023, the relevant information on derecognized accounts receivable factored was as follows:

December 31, 2024							
Factoring financial institution	**Factoring credit limit**	**Advance amount credit limit**	**Factored amount (Derecognized amount)**	**Advance amount**	**Interest rate**	**Important derecognized provision**	**Collateral**
CTBC Bank	USD 189,800 thousand	USD 162,090 thousand	$ 4,431,071	3,016,716	(Note 2)	(Note 1)	None
DBS Bank	USD 100,000 thousand	USD 90,000 thousand	1,913,452	286,731	〃	〃	Promissory note USD90,000 thousand
Sumitomo Mitsui Bank	USD 10,000 thousand	USD 10,000 thousand	74,562	-	〃	〃	None
Cathay United Bank	USD 100,000 thousand	USD 90,000 thousand	587,196	448,455	〃	〃	Promissory note USD1,800 thousand
Standard Chartered	USD 33,000 thousand	USD 33,000 thousand	213,280	151,033	〃	〃	None
Total			$ 7,219,561	3,902,935			

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December 31, 2023							
Factoring financial institution	**Factoring credit limit**	**Advance amount credit limit**	**Factored amount (Derecognized amount)**	**Advance amount**	**Interest rate**	**Important derecognized provision**	**Collateral**
CTBC Bank	USD 139,100 thousand	USD 119,180 thousand	$ 3,059,342	1,316,390	(Note 2)	(Note 1)	None
DBS Bank	USD 100,000 thousand	USD 90,000 thousand	1,936,790	217,317	〃	〃	Promissory note USD115,000 thousand (Note 3)
Sumitomo Mitsui Bank	USD 10,000 thousand	USD 10,000 thousand	53,305	-	〃	〃	None
Bank SinoPac	USD 25,000 thousand	USD 22,500 thousand	145,666	-	〃	〃	Promissory note USD22,500 thousand
Standard Chartered	USD 8,000 thousand	USD 8,000 thousand	68,572	41,013	〃	〃	None
Total			$ 5,263,675	1,574,720			

Note 1: According to the accounts receivable purchase agreements or the approval letters issued by the factoring financial institutions, the accounts receivable were factored without recourse. The funds are transferred to the appointed reserve accounts or directly to the factoring financial institutions.

Note 2: For 2024 and 2023, the average interest rates on factored accounts receivable were 4.68%~6.05% and 4.78%~5.99%, respectively.

Note 3: The aggregate credit limit of the promissory note includes letters of credit, export bill negotiations, borrowings, derivatives, and accounts receivable factored.

(d) Inventories

	December 31, 2024	December 31, 2023
Raw materials	$ 4,441,071	3,835,981
Finished goods (including merchandise)	128,775	55,732
	$ 4,569,846	**3,891,713**

The factor that caused the net realized value of the inventory to be lower than the cost disappeared, resulting in a reversal of write-downs of $1,970 thousand and $6,794 thousand in 2024 and 2023, respectively.

None of the inventories held by the Company were pledged as collateral as of December 31, 2024 and 2023.

(e) Investments accounted for using equity method

A summary of the Company's financial information about investments accounted for using equity method at the reporting date was as follows:

	December 31, 2024	December 31, 2023
Subsidiaries	**$ 2,731,299**	**2,661,229**

(Continued)

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(i) Subsidiaries

Please refer to the consolidated financial statements.

(ii) Collateral

None of the investments accounted for using equity method held by the Company was pledged as collateral as of December 31, 2024 and 2023.

(f) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company for the years ended December 31, 2024 and 2023, were as follows:

	Land	Buildings	Machinery	Office and other equipment	Total
Cost：					
Balance at January 1, 2024	$ 2,538,791	541,655	60,100	152,237	3,292,783
Additions	-	12,739	4,411	25,585	42,735
Disposals	-	-	(2,619)	(11,569)	(14,188)
Balance at December 31, 2024	**$ 2,538,791**	**554,394**	**61,892**	**166,253**	**3,321,330**
Balance at January 1, 2023	$ 2,538,791	492,418	61,139	141,271	3,233,619
Additions	-	49,237	1,041	15,739	66,017
Disposals	-	-	(2,080)	(4,773)	(6,853)
Balance at December 31, 2023	**$ 2,538,791**	**541,655**	**60,100**	**152,237**	**3,292,783**
Depreciation and impairment loss:					
Balance at January 1, 2024	$ -	260,902	45,669	119,195	425,766
Depreciation for the year	-	36,631	6,531	15,055	58,217
Disposals	-	-	(2,515)	(6,357)	(8,872)
Balance at December 31, 2024	**$ -**	**297,533**	**49,685**	**127,893**	**475,111**
Balance at January 1, 2023	$ -	227,869	40,599	109,460	377,928
Depreciation for the year	-	33,033	6,381	13,734	53,148
Disposals	-	-	(1,311)	(3,999)	(5,310)
Balance at December 31, 2023	**$ -**	**260,902**	**45,669**	**119,195**	**425,766**
Carrying amounts:					
Balance at December 31, 2024	**$ 2,538,791**	**256,861**	**12,207**	**38,360**	**2,846,219**
Balance at January 1, 2023	**$ 2,538,791**	**264,549**	**20,540**	**31,811**	**2,855,691**
Balance at December 31, 2023	**$ 2,538,791**	**280,753**	**14,431**	**33,042**	**2,867,017**

Please refer to note 8 for assets pledged as collateral for loans as of December 31, 2024 and 2023.

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(g) Right-of-use assets

The cost and depreciation of leased land and buildings of the Company were as follows：

		Buildings	Other	Total
Cost:				
Balance at January 1, 2024	$	37,791	4,713	42,504
Additions		(2,351)	-	(2,351)
Balance at December 31, 2024	**$**	**35,440**	**4,713**	**40,153**
Balance at January 1, 2023	$	35,439	4,713	40,152
Additions		2,352	-	2,352
Balance at December 31, 2023	**$**	**37,791**	**4,713**	**42,504**
Depreciation:				
Balance at January 1, 2024	$	24,704	4,451	29,155
Depreciation for the year		11,911	262	12,173
Reductions		(1,175)	-	(1,175)
Balance at December 31, 2024	**$**	**35,440**	**4,713**	**40,153**
Balance at January 1, 2023	$	11,813	2,880	14,693
Depreciation for the year		12,891	1,571	14,462
Balance at December 31, 2023	**$**	**24,704**	**4,451**	**29,155**
Carrying amounts:				
Balance at December 31, 2024	**$**	**-**	**-**	**-**
Balance at January 1, 2023	**$**	**23,626**	**1,833**	**25,459**
Balance at December 31, 2023	**$**	**13,087**	**262**	**13,349**

(h) Intangible assets

The movements of cost and amortization of intangible assets in 2024 and 2023, were as follows:

		Intangible assets
Cost:		
Balance at January 1, 2024	$	219,732
Additions		8,841
Balance at December 31, 2024	**$**	**228,573**
Balance at January 1, 2023	$	215,302
Additions		4,430
Balance at December 31, 2023	**$**	**219,732**

(Continued)

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		Intangible assets
Accumulated amortization:		
Balance at January 1, 2024	$	198,389
Amortization for the year		10,741
Balance at December 31, 2024	**$**	**209,130**
Balance at January 1, 2023		190,452
Amortization for the year		7,937
Balance at December 31, 2023	**$**	**198,389**
Carrying value:		
Balance at December 31, 2024	**$**	**19,443**
Balance at January 1, 2023	**$**	**24,850**
Balance at December 31, 2023	**$**	**21,343**

Amortization expenses for the years ended December 31, 2024 and 2023, were recognized as operating expenses in the comprehensive income statements, amounting to $10,741 thousand and $7,937 thousand, respectively.

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

The details of other current assets and other non-current assets were as follows:

		December 31, 2024	December 31, 2023
Prepayments for equipment	$	990	2,348
Prepaid sales tax		64,045	53,637
Refundable deposits		5,461	7,480
Financial assets-non-current (time deposits)		154,805	150,972
Prepayments for purchase and processing (including related parties)		23,181	12,080
Other		23,545	32,311
	$	**272,027**	**258,828**

(i) Non-current financial assets derived from the earnings distributed by the investee companies, Loyal and Global, in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act. The funds should be deposited in the segregated foreign exchange deposit account for five years. After the expiry of the said period, the funds could be withdrawn over a period of three years according to the aforementioned regulations. The funds shall not be used for purposes other than those specified in the aforementioned regulations, nor pledged, nor provided as security, nor by any other use which reduce their value.

(ii) Please refer to Note 8 for refundable deposits.

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(j) Short-term borrowings

	December 31, 2024	December 31, 2023
Unsecured bank loans	$ 1,085,051	1,459,912
Unused short-term credit lines	$ 12,116,840	10,798,456
Range of interest rates	4.80%~5.80%	4.70%~5.99%

Please refer to note 8 for assets pledged as collateral for loans.

(k) Provisions

	Provisions
Balance at January 1, 2024	$ 234,060
Provisions reversed during the year	13,033
Balance at December 31, 2024	$ 247,093
Balance at January 1, 2023	$ 260,435
Provisions made during the year	(26,375)
Balance at December 31, 2023	$ 234,060

Provisions mainly are accrued for abnormal losses from operation and others.

(l) Lease liabilities

The Company's lease liabilities were as follows:

	December 31, 2024	December 31, 2023
Current	$ -	13,634
Non-current	$ -	159

For the maturity analysis, please refer to note 6(v).

The amounts recognized in profit or loss were as follows：

	2024	2023
Interest on lease liabilities	$ 92	408
Expenses relating to short-term leases	$ 263	-
Expenses relating to leases of low-value assets, excluding short-term leases of low-value	$ 3,711	1,662

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The amounts recognized in the statement of cash flows in financing activities by the Company were as follows:

	2024	2023
Total cash outflow for leases	**$ 12,882**	**14,760**

(i) Real estate leases

The Company leases buildings for its office. The leases of buildings typically run for 3 years.

(m) Employee benefits

(i) Defined benefit plans

The present value of defined benefit obligations and the fair value of plan assets were as follows:

	December 31, 2024	**December 31, 2023**
Present value of the defined benefit obligations	$ (88,964)	(85,173)
Fair value of plan assets	49,650	45,529
Net defined benefit liabilities	**$ (39,314)**	**(39,644)**

The employee benefits liabilities of the Company were as follows:

	December 31, 2024	**December 31, 2023**
Employee paid leave liabilities	**$ 31,527**	**27,627**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. The plan (covered by the Labor Standards Law) entitles a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of the plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company’ s Bank of Taiwan labor pension reserve account balance amounted to $49,650 thousand as of December 31, 2024. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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2) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Company were as follows:

	2024	2023
Defined benefit obligations on January 1	$ 85,173	81,736
Current service costs and interest costs	2,005	2,124
Remeasurement of defined benefit obligations	4,488	2,666
Benefits paid	(2,702)	(1,353)
Defined benefit obligations on December 31	**$ 88,964**	**85,173**

3) Movements in fair value of the plan assets

The movements in the present value of the defined plan assets for the Company were as follows:

	2024	2023
Fair value of plan assets on January 1	$ 45,529	33,964
Return of plan assets	705	584
Remeasurement of defined plan assets	3,691	253
Contribution to the plan	2,427	12,081
Benefits paid by plan assets	(2,702)	(1,353)
Fair value of plan assets on December 31	**$ 49,650**	**45,529**

4) Expenses recognized in profit or loss

Expenses recognized in profit or loss for the years ended December 31, 2024 and 2023, were as follows:

	2024	2023
Service costs	$ 657	707
Interest on net defined benefit obligations	643	833
	$ 1,300	**1,540**

Above pension expenses were recognized as operating expenses.

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5) Remeasurement of net defined benefit liability recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2024 and 2023, was as follows:

	2024	2023
Actuarial losses or (gains)	$ 4,488	2,666
Return on plan assets	(3,691)	(253)
Net (gain) loss	**$ 797**	**2,413**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

The rate applied in calculating the present value of defined benefit obligations for the years ended December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
Discount rate	2.00 %	1.625 %
Future salary increase rate	3.00 %	2.50 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $202 thousand.

The weighted average lifetime of the defined benefits plans is 12.80 years.

7) Sensitivity analysis

Changes in the main actuarial assumptions that might have an impact on the present value of the defined benefit obligation for the years ended December 31, 2024 and 2023:

	Effects on defined benefit obligation	
	Increase by 1%	**Decrease by 1%**
December 31, 2024		
Discount rate	$ (8,932)	10,353
Future salary changes	9,961	(8,784)
December 31, 2023		
Discount rate	(8,919)	10,396
Future salary changes	10,019	(8,787)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

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(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Company' s pension costs under the defined contribution pension plans amounted to $35,028 thousand and $32,730 thousand in 2024 and 2023, respectively.

(n) Income tax

(i) Income tax expense

The details of income tax expense for 2024 and 2023 were as follows:

	2024	2023
Current income tax expense	$ 990,239	908,172
Deferred income tax expense (benefit)	7,231	16,974
Total income tax expense	**$ 997,470**	**925,146**

The amounts of income tax recognized in other comprehensive income for 2024 and 2023 were as follows:

	2024	2023
Items that will not be reclassified subsequently to profit of loss:		
Remeasurement from defined benefit plans	**$ 159**	**482**

Reconciliation of income tax expense and income before tax was as follows:

	2024	2023
Profit before tax	$ 5,112,390	4,916,340
Income tax based on the Company's domestic tax rate	1,022,478	983,268
Additional tax on undistributed earnings	125	3,956
Change in unrecognized temporary differences	6,405	(15,909)
Tax exempt income	(37,851)	(25,874)
Others	6,313	(20,295)
	$ 997,470	**925,146**

(Continued)

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(ii) Deferred tax liabilities and assets

1) Unrecognized deferred tax assets and liabilities

As of December 31, 2024 and 2023, the temporary differences associated with the investments in subsidiaries were not recognized as deferred income tax assets and liabilities as the Company was able to control the timing of reversal of these temporary differences, and management believed that it was probable that the temporary differences would not reverse in the foreseeable future. The related amounts were as follows:

	December 31, 2024	December 31, 2023
Unrecognized deferred tax assets	$ 68,432	81,708
Unrecognized deferred tax liabilities	$ 8,539	28,220

2) Recognized deferred tax assets and liabilities

Changes in the amounts of deferred tax assets and liabilities for 2024 and 2023 were as follows:

	Defined benefit plan	Provision	Loss on valuation of inventories	Unrealized exchange loss	Others	Total
Deferred tax assets						
January 1, 2023	$ 9,554	14,913	2,852	-	10,193	37,512
Credit (debit) to profit / loss	(2,108)	(10,369)	(1,359)	11,861	(2,864)	(4,839)
Credit to other comprehensive income	482	-	-	-	-	482
December 31, 2023	$ 7,928	4,544	1,493	11,861	7,329	33,155
January 1, 2024	$ 7,928	4,544	1,493	11,861	7,329	33,155
Credit (debit) to profit / loss	(225)	(4,244)	(394)	(11,861)	2,134	(14,590)
Credit to other comprehensive income	159	-	-	-	-	159
December 31, 2024	$ 7,862	300	1,099	-	9,463	18,724

	Unrealized exchange gain	Gain on investment	Other	Total
Deferred tax liabilities:				
January 1, 2023	$ 4,268	9,538	804	14,610
Debit (credit) to profit / loss	(4,268)	17,207	(804)	12,135
December 31, 2023	$ -	26,745	-	26,745
January 1, 2024	$ -	26,745	-	26,745
Debit (credit) to profit / loss	7,057	(14,416)	-	(7,359)
December 31, 2024	$ 7,057	12,329	-	19,386

(Continued)

(iii) Assessment of income tax

The Company’ s income tax returns of the year through 2022 were assessed by the Taipei National tax Administration

(o) Capital and other equity

(i) Ordinary shares

On June 28, 2024, the Company’ s general meeting of shareholders approved transferring capital surplus to 4,837 thousand ordinary shares with par value of $10 per share, amounting to $48,371 thousand. The capital increase, with the base date on September 20, 2024, has been approved by the FSC. The relevant statutory registration procedures have since been completed.

As of December 31, 2024 and 2023, the authorized capital of the Company amounted to $3,000,000 thousand, consisting of 300,000 thousand shares with par value of $10 per share, and the issued capital consisted of 246,694 thousand shares and 241,857 thousand shares, respectively. All proceeds from the shares issued have been collected.

The movements in outstanding shares for the years ended December 31, 2024 and 2023, were as follows:

	Ordinary share (thousand shares)	
	2024	**2023**
Beginning balance at January 1	$ 241,857	241,857
Capitalizing of capital surplus	4,837	-
Beginning balance (ending balance)	**246,694**	**241,857**

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2024	**December 31, 2023**
Paid-in capital in excess of par value	$ 6,092,864	6,141,235
Capital surplus－premium from combination	593	593
Expired stock options	43,951	43,951
Gain or loss on disposal of subsidiaries’ shares	4,914	4,914
Adjustments to share of changes in equity of subsidiaries	24,011	24,011
	$ 6,166,333	**6,214,704**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends.

(Continued)

According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings and dividend policy

According to the Company’s articles of incorporation which is revised on June 28, 2024, the Company's earnings distribution or loss compensation may be conducted at the end of each half-financial year, and if the earnings distribution is paid in cash, it shall be approved by the Board of Directors according to the provisions of Article 228-1 and Article 240-5 of the Company Act and shall be reported to the shareholders' meeting without the need to submit it to the shareholders' meeting for recognition. When distributing earnings, the Company shall first estimate and retain the tax payable, offset the accumulated losses, allocate the remuneration of employees and directors during the distribution period, and 10% of the legal reserve, unless the legal reserve has reached the amount of paid-in capital of the Company. In addition, in accordance with the provisions of Article 41 of the Securities and Exchange Law, the special reserve shall be allocated or reversed. After the Company has allocated or reversed the special reserve, the balance along with the unappropriated retained earnings from previous years would be considered by the Board of Directors. Then the Board of Directors shall take into account the Company’ s working capital, financial structure, current year's earnings, balanced and stable distribution of dividends, and other factors before preparing a earnings distribution proposal. If it is distributed as new shares, it shall be distributed after resolution by the shareholders' meeting.

The Company is in the stable growth stage, and the types of dividends will be appropriately issued in the form of stock dividends or cash dividends depending on the future capital demand and the degree of equity dilution, of which cash dividends shall not be less than 10% of the total dividends in principle.

According to the Company Act and regulation of the Ministry of Economic Affairs, the Company should set aside 10% of the profit before income tax plus items other than profit before income tax added to current year’s unappropriated earnings, as legal reserve, until it is equal to the Company's total capital amount. When the Company incurs no loss, it may, pursuant to a resolution by a shareholders’ meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

The Company’s Board of Directors has resolved to distribute the first and second half of 2024, 2023 and 2022 earnings. The relevant dividend distibutions and cash dividends per share to the shareholders were as follows:

		The second half of 2024	The first half of 2024	2023	2022
Board of Directors resolution date		March 12, 2025	August 2, 2024	March 13, 2024	March 14, 2023
Cash dividends	$	2,491,607	1,692,996	3,966,448	3,506,920
Cash dividends per share (in dollars)	$	10.1	7.0	16.4	14.5

(Continued)

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(p) Earnings per share

(i) Basic earnings per share

The basic earnings per share for the years ended December 31, 2024 and 2023, were calculated on the basis of profit attributable to ordinary shareholders and the weighted-average number of outstanding ordinary shares. Calculations were as follows:

1) Profit attributable to ordinary shareholders

	2024	2023
Profit attributable to ordinary shareholders	**$ 4,114,920**	**3,991,194**

2) Weighted-average number of outstanding ordinary shares (in thousands)

	2024	2023
Issued ordinary shares at January 1	241,857	241,857
Effect of capitalizing capital surplus	4,837	-
Weighted-average number of outstanding ordinary shares at December 31	**246,694**	**241,857**
Weighted-average number of outstanding ordinary shares at December 31－retrospectively adjusted		**246,694**

(ii) Diluted earnings per share

The diluted earnings per share for the years ended December 31, 2024 and 2023, were calculated on the basis of profit attributable to ordinary shareholders and the weighted-average number of outstanding ordinary shares, with all potential ordinary shares retroactively adjusted. Calculations were as follows:

1) Profit attributable to ordinary shareholders (diluted)

	2024	2023
Profit attributable to ordinary shareholders (basic)	$ 4,114,920	3,991,194
Profit attributable to ordinary shareholders (diluted)	**$ 4,114,920**	**3,991,194**

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2) Weighted-average number of outstanding ordinary shares (diluted) (in thousands)

	2024	2023
Weighted-average number of outstanding ordinary shares (basic)	246,694	241,857
Effect of employee stock dividends	1,076	1,034
Weighted-average number of outstanding ordinary shares on December 31 (diluted)	**247,770**	**242,891**
Weighted-average number of outstanding ordinary shares on December 31 (diluted)－retrospectively adjusted		**247,728**

(q) Revenue from contracts with the customers

(i) Disaggregation of revenue

		2024	2023
Primary geographical markets:			
American region	$	25,415,097	21,710,914
Others		8,785,755	9,874,800
Total	$	**34,200,852**	**31,585,714**

(ii) Contract balances

		December 31, 2024	December 31, 2023	January 1, 2023
Notes and accounts receivable	$	766,722	1,447,146	1,154,715
Less: allowance for impairment		(8,996)	(17,366)	(13,857)
Total	$	**757,726**	**1,429,780**	**1,140,858**

For details on accounts receivable and allowance for impairment, please refer to note 6(c).

(iii) Transaction price allocated to the remaining performance obligations

The contract has an original expected duration of less than one year, thus the Company applies the practical expedient of IFRS 15 and does not disclose information about the transaction price allocated to the remaining performance obligations of the contract.

(r) Employee compensation and directors' remuneration

In accordance with the Articles of incorporation , the Company should contribute at least 1% and not more than 8% of the profit as employee compensation and not exceed 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

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For the years ended December 31, 2024 and 2023, the Company estimated its employee remuneration amounting to $296,756 thousand and $285,376 thousand, and directors' remuneration amounting to $127,339 thousand and $122,456 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding remuneration to employee and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company' s articles. The remunerations were expensed under operating expenses during 2024 and 2023.

Related information would be available at the Market Observation Post System website. The differences between the amounts approved by the board of directors and those recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in next year.

The amounts of employee remuneration, as estimated in parent-company-only financial statements, were identical to those amount approved for 2023 and 2022.

The differences between actual approved amount directors' remuneration and those estimated in the financial statements in 2023 and 2022 were as follows:

	2023			2022		
	Actual approved amount	**Estimated amount in financial statement**	**Difference**	**Actual approved amount**	**Estimated amount in financial statement**	**Difference**
Directors' remuneration	$ **109,120**	**122,456**	**(13,336)**	**83,450**	**108,852**	**(25,402)**

The difference between the actual remuneration to directors and the recognized amount in 2023 and 2022 were not significant, therefore, were recognized as profit or loss in 2024 and 2023, respectively. Related information would be available at the Market Observation Post System website.

(s) Non-operating income and expenses

(i) Interest income

The details of other income in 2024 and 2023 were as follows:

	2024	2023
Interest income－bank deposits	$ 86,279	72,342
Interest income－loans	160,830	133,392
	$ **247,109**	**205,734**

(ii) Other income

The details of other income in 2024 and 2023 were as follows:

	2024	2023
Rental income	$ 1,301	1,260
Dividend income	12,076	8,845
Subsidy income and others	30,179	103,808
	$ **43,556**	**113,913**

(Continued)

MAKALOT INDUSTRIAL CO., LTD.
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(iii) Other gains and losses

The details of other gains and losses in 2024 and 2023 were as follows:

	2024	2023
Foreign exchange gain	$ 84,747	33,161
Gain on disposals of investments	55,752	35,782
Net gains (losses) on financial assets at fair value through profit or loss	(37,157)	47,812
Net valuation gains (loss) on derivative financiale assets at fair value through profit ol loss	-	1,814
Net gains on derivative financial assets at fair value through profit or loss—realized	3,408	9,392
Loss on disposals of property, plant and equipment	(497)	(876)
Others	(5,908)	-
	$ 100,345	**127,085**

(iv) Finance costs

The details of finance costs in 2024 and 2023 were as follows:

	2024	2023
Interest expense－bank borrowings	$ (255,404)	(188,725)
Expenses from accounts receivable factoring	(90,597)	(65,426)
Interest expense－leases	(92)	(408)
	$ (346,093)	**(254,559)**

(t) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The Company’s credit risk is impacted by each customer. For the years ended December 31, 2024 and 2023, the sales to major customers accounted for 72% and 69%, respectively. In addition, for the years ended December 31, 2024 and 2023, the sales to American region accounted for 74% and 69%, respectively.

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3) Receivables and debt securities

For credit risk exposure of accounts receivable, please refer to note 6(c).

Other financial assets at amortized cost includes other financial assets-current and time deposits, please refer to note 6(c).

The time deposits held by the Company in financial institutions with investment grades or above is considered to have low credit risk.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including the estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flow	Within 6 months	6~12 months	1~2 years	2~5 years	Over 5 years
December 31, 2024							
Non-derivative financial liabilities:							
Short-term borrowings	$ 1,085,051	(1,089,810)	(1,089,810)	-	-	-	-
Accounts payable and other payables	5,483,924	(5,483,924)	(5,483,924)	-	-	-	-
	$ 6,568,975	**(6,573,734)**	**(6,573,734)**	**-**	**-**	**-**	**-**
December 31, 2023							
Non-derivative financial liabilities:							
Short-term borrowings	$ 1,459,912	(1,462,096)	(1,462,096)	-	-	-	-
Accounts payable and other payables	5,553,727	(5,553,727)	(5,553,727)	-	-	-	-
Lease liabilities	13,793	(13,935)	(7,082)	(6,690)	(163)	-	-
	$ 7,027,432	**(7,029,758)**	**(7,022,905)**	**(6,690)**	**(163)**	**-**	**-**

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Exchange rate risk

1) Exposure to currency risk

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

	December 31, 2024			December 31, 2023		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 142,599	32.781	4,674,546	183,565	30.735	5,641,862
CNY	11,652	4.4882	52,297	8,673	4.3107	37,388
Non-monetary items						
USD	9,617	32.781	315,243	11,857	30.735	364,412
Financial liabilities						
Monetary items						
USD	123,887	32.781	4,061,140	144,141	30.735	4,430,167
CNY	23,879	4.4882	107,172	29,772	4.3107	128,338

(Continued)

2) Sensitivity analysis

The Company' s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans, accounts payable, and other payables. A 1% depreciation or appreciation of the TWD against the USD and CNY as of December 31, 2024 and 2023, would have increased or decreased the net income after tax by $5,585 thousand and $11,207 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for both periods.

3) Exchanged gains or losses on monetary items

As the Company deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. In 2024 and 2023, the foreign exchange gain (loss), including realized and unrealized, amounted to $84,747 thousand and $33,161 thousand, respectively.

(iv) Interest rate analysis

The following sensitivity analysis is based on the exposure to interest rate risk for derivative and non-derivative financial instruments on the reporting date. For variable-rate liabilities, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year.

If the interest rate increase/decrease by 0.25%, the Company' s net income before tax would have decreased/increased by $2,713 thousand and $3,650 thousand for the years ended December 31, 2024 and 2023, respectively, assuming all other variable factors had remained constant. This is mainly due to the Company's variable rate borrowing.

(v) Fair value of financial instruments

1) Fair value hierarchy

The book value, fair value, and fair value hierarchy for the financial assets and financial liabilities of the Company were as followed (excluding the disclosure of financial assets and liabilities for which the book value is close to the fair value, or the fair value cannot be reliably measured).

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	December 31, 2024				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 202,680	202,680	-	-	202,680
Financial assets measured at amortized cost:					
Cash and cash equivalents	2,196,179	-	-	-	-
Notes and accounts receivable	757,726	-	-	-	-
Other financial assets (including other receivables)	5,487,036	-	-	-	-
Long-term receivables from related parties	3,058,112	-	-	-	-
Other financial assets—non-current	154,805	-	-	-	-
Subtotal	11,653,858	-	-	-	-
Refundable deposits	5,461	-	-	-	-
Financial liabilities measured at amortized cost:					
Short-term borrowings	1,085,051	-	-	-	-
Accounts payable and other payables	5,483,924	-	-	-	-
Subtotal	6,568,975	-	-	-	-

	December 31, 2023				
		Fair value			
	Book value	Level 1	Level 2	Level 2	Total
Financial assets at fair value through profit or loss:					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 211,845	211,845	-	-	211,845
Financial assets measured at amortized cost:					
Cash and cash equivalents	2,370,440	-	-	-	-
Accounts receivable	1,429,780	-	-	-	-
Other financial assets (including other receivables)	7,809,431	-	-	-	-
Long-term receivables from related parties	2,616,445	-	-	-	-
Other financial assets—non-current	150,972	-	-	-	-
Subtotal	14,377,068	-	-	-	-
Refundable deposits	7,480	-	-	-	-
Financial liabilities at fair value through profit or loss:					
Financial liabilities measured at amortized cost:					
Short-term borrowings	1,459,912	-	-	-	-
Accounts payable and other payables	5,553,727	-	-	-	-
Subtotal	7,013,639	-	-	-	-

(Continued)

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm' s-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Except for the aforementioned financial instruments, the fair value of other financial instruments is determined by using valuation techniques or the quoted price from a counterparty. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation techniques including a model using observable market data at the reporting date.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants. The fair value of a forward exchange contract is usually determined by the forward exchange rate. Measurement of the fair value of an embedded derivative financial instrument is based on an option pricing model or other valuation technique.

There were no transfers in either direction for the years ended December 31, 2024 and 2023.

(u) Financial risk management

(i) Overview

The Company is exposed to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note discloses information on exposure to each of the above risks and objectives, policies, and procedures for measuring and managing risk. For further quantitative information, please refer to the relevant notes to the parent-company-only financial statements.

(Continued)

(ii) Risk management framework

The board of directors of the Company is responsible for establishing and overseeing the risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The board of directors of the Company oversees how management monitors the risks, which should be in compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation of the risks faced by the Company. The internal auditor undertakes regular reviews of the risk management controls and procedures and exception management, the results of which are reported to the board of directors.

(iii) Credit risk

Credit risk means the potential loss to the Company if the client or counterparty involved in that transaction defaults. The primary potential credit risk is from the accounts receivable and financial investments of the Company.

1) Accounts receivable and other receivables

The Company periodically reviews payment histories and financial positions of customers, insures accounts receivable credit risk, and factors part of its accounts receivable to certain financial institutions without recourse to lower the credit risk. The Company also aggressively markets to Europe and Asia to diversify the risk of concentration of customers in a certain area.

The Company establishes an impairment allowance that represents its estimate of incurred losses in respect of trade receivables, other receivables, and investment. The components of this impairment allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

2) Financial investments

The Company held its bank deposits in different financial institutions to manage the exposure to credit risk of each institution to prevent concentration risk.

As the Company deals with banks and other external parties with good credit standing, the management believes that there is no significant credit risk. In addition, the Company invests only in public companies to mitigate credit risk exposure.

3) Guarantee

The Company only provides guarantees to wholly owned subsidiaries. The Company did not provide any guarantee to companies which were not in the Group as of December 31, 2024 and 2023.

(iv) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as much as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures it has sufficient cash to fund its expected operating expenditure for a 60-day period, including financial obligation fulfillment but excluding the unexpected potential impact of extreme cases such as natural disasters. For the Company's available credit limits, please refer to note 6(j).

(v) Market risk

Market risk is the risk that comes from changes in market prices such as changes of foreign exchange rates, interest rates, and equity prices impacting the Company's income or the value of financial instruments held by the Company. The objective of market risk management is to manage and control market risk exposures within an acceptable range and optimize the return on investments.

1) Exchange rate risk

The Company mainly uses the USD for its sales and purchases. The overall hedge ratio is over 80%. The net foreign currency position is still exposed to exchange rate risk. The Company takes advice from professionals in banks and periodically uses foreign currency forward contracts to hedge the net foreign currency exposure, within the range of 50% to 75%, for the next six months. The Company has effectively minimized the impact of exchange gain and loss within an acceptable range.

2) Interest rate risk

The Company is exposed to interest rate risk due to its borrowings with a floating interest rate. Please refer to note 6(v)(iii) market risk for the interest rate analysis..

3) Other market risk

Except for purchase agreements to meet expected consumption and sales requirements, the Company does not enter into any other long-term purchase agreements.

(v) Capital management

To maintain investor relationships, market confidence, and future operation, the board manages working capital by periodically reviewing the financial structure, and optimizes the liability and equity balance to lower the finance costs.

The Company's review comprises:

(i) The growth rate of its future sales and profit.

(ii) The dilution impact on EPS from the growth of capital stock.

(iii) Various types of finance costs and related risks.

The management may adjust the amounts and types of dividend payments or issue new shares or bonds in capital markets to maintain and adjust its capital structure.

The Company's equity-to-asset ratios at the end of the reporting periods were as follows:

	December 31, 2024	December 31, 2023
Total equity	$ 14,643,567	15,819,282
Total assets	$ 22,159,291	24,184,575
Equity-to-asset ratio	66%	65%

There were no changes in the Company's approach to capital management as of December 31, 2024.

(w) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow were acquisition of right-of-use assets by leasing. Please refer to Notes 6(g) and (l).

(7) Related-party transactions

(a) Parent company and ultimate controlling company

The Company is the ultimate controlling party of the Company and its subsidiaries.

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(b) Names and relationship with the Company

The followings are entities that have had transactions with the Company during the periods covered in the financial statements.

Name of related parties	Relationship with the Company
PT Crystal Garment (PT Crystal)	A subsidiary
Global Trading Int'l Corp. (Global)	A subsidiary
Leader Garments Corp. (Leader PH)	A subsidiary
Diamond Apparel Mfg., Inc. (Diamond)	A subsidiary
Primeline Fashion, Inc. (Primeline)	A subsidiary
Fortune Star Investment Limited (Fortune Star)	A subsidiary
Triple Int'1 Corp. (Triple)	A subsidiary
Makalot EL Salvador SA DE LV (Makalot Salvador)	A subsidiary
Ecolot Textile Co., Ltd. (Ecolot)	A subsidiary
Glida Athletics Co., Ltd. (Glida)	A subsidiary
PT Glory Industrial Semarang (PT Glory)	A subsidiary
Makalot Garments (Cambodia) Co., Ltd. (Makalot Cambodia)	A subsidiary
Makalot Garments (Vietnam) Co., Ltd. (Makalot Vietnam)	A subsidiary
Mstar Service Company Limited (M-Star)	A subsidiary
Wintop Industrial Limited (Wintop)	A subsidiary
Crown Era Industrial Limited (Crown Era)	A subsidiary
Crownway International Development Limited (Crownway)	A subsidiary
PT Starlight Garment Semarang (PT Starlight)	A subsidiary
Moha Garments Co., Ltd. (Moha)	A subsidiary
Triple Garment (Vietnam) Co., Limited (Triple Vietnam)	A subsidiary
Leader Garment (Vietnam) Co., Ltd. (Leader Vietnam)	A subsidiary
Jiaxing Ruiyang Garment Co., Limited (CJR)	A subsidiary
Jiaxing Rising Garment Co., Limited (CJY)	A subsidiary
Shanghai Makalot Garment Co., Limited (CMK)	A subsidiary
Eco-Lot Textile Co., Ltd. (CBS)	A subsidiary
Jiaxing Suntex Garment Co., Limited (CMZ)	A subsidiary
Top Shiny Industrial Limited (Top Shiny)	A subsidiary
Great Time Global Co., Ltd. (Great Time)	A subsidiary
Makalot Bangladesh Ltd. (Makalot Bangladesh)	A subsidiary
Namtex Co., Ltd. (Namtex)	An associate

(Continued)

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Name of related parties	Relationship with the Company
Makalot Humanities Development Education Foundation (Makalot Foundation)	Some Directors of the Company served as Directors of the foundation
RUEI SHAN Co., Ltd. (RUEI SHAN)	The key management of the Company controlled RUEI SHAN
AN YANG Investment Co., Ltd. (AN YANG)	The key management of the Company controlled AN YANG
YI CHANG YANG Investment Co., Ltd. (YI CHANG YANG)	The key management of the Company controlled YI CHANG YANG
JU WEN Investment Co., Ltd. (JU WEN)	The key management of the Companycontrolled JU WEN

(c) Significant transactions with related parties

(i) Purchasing and processing

The amounts of the materials purchased from related parties were as follows:

	2024	2023
Subsidiaries:		
Ecolot	$ 470,603	628,003
Associates	919,407	826,159
	$ 1,390,010	**1,454,162**

The terms for payables for purchasing materials from subsidiaries are O/A 45 to 60 days, or depending on funding needs. Payment is made to third-party suppliers by L/C and T/T, with payment terms of O/A 45 to 60 days. The purchasing price is based on the market price.

Purchasing prices and payment terms with associates were not significantly different from those of general purchases.

The amounts of goods purchased from related parties were as follows:

	2024	2023
Subsidiaries:		
CJY	$ 289,166	325,821
CMZ	205,149	268,176
CMK	209,185	188,791
CJR	-	38,123
	$ 703,500	**820,911**

(Continued)

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The terms for payables with related parties are O/A 30 to 90 days, or depending on funding needs. The purchasing price for related parties is calculated as the order price, plus a certain percentage of margin, considering the costs and expenses incurred by the related parties.

The transaction amounts of the processing consigned to related parties were as follows:

		2024	2023
Subsidiaries:			
PT Glory	$	3,083,127	2,425,134
Makalot Cambodia		1,722,533	1,783,258
Makalot Vietnam		1,926,268	1,921,298
Moha		1,014,984	908,203
PT Starlight		739,288	647,143
Triple Vietnam		573,119	557,918
Leader Vietnam		756,817	807,125
Other subsidiaries		178,660	163,931
	$	**9,994,796**	**9,214,010**

The Company sets the processing fee by considering the cost incurred by the related parties.

Payment terms of the processing fee are O/A 30 to 90 days or in advance, depending on funding needs.

(ii) Service fee

The transaction amounts of the administrative service to related parties were as follows:

		2024	2023
Subsidiaries:			
M-Star	**$**	**1,271**	**-**

(iii) Financing provided to related parties

Balances of financing provided by the Company to related parties were as follows:

		2024	2023
Subsidiaries:			
PT Glory	$	1,247,645	965,078
Makalot Vietnam		655,620	614,700
Moha		286,506	268,624
Leader Vietnam		411,401	293,519
Makalot Cambodia		227,801	213,583
PT Starlight		114,406	184,103
Other subsidiaries		114,733	76,838
	$	**3,058,112**	**2,616,445**

(Continued)

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The Company provides unsecured financing with interest, and after evaluation, the Company believes there is no bad debt that should be accounted for.

The interest on the financing is accrued, and amounts for the years ended December 31, 2024 and 2023, were $160,830 thousand and $133,392 thousand, respectively.

(iv) Providing materials to subsidiaries

The Company provided the materials to its subsidiaries in Cambodia for production. Thereafter, the finished products will be purchased back by the Company to be sold to the customers. The Company did not recognize the sales revenue when the materials were delivered. Materials which were not yet sold back to the Company were recognized as inventories at the reporting date.

(v) Receivables from related parties

Details of receivables from related parties were as follows:

Account name	Types of related parties	December 31, 2024	December 31, 2023
Other receivables－related parties	Subsidiaries:		
	Makalot Cambodia	2,653	70,236
	Moha	85,031	137,905
	PT Glory	14,398	13,029
	Makalot Vietnam	8,620	8,954
	Leader Vietnam	-	91
	PT Starlight	1,394	2,485
	Other	1,189	203
Other financial assets—current	Other related parties	-	11
Other receivables－related parties	Associates	330	381
Long-term receivables－related parties	Subsidiaries (Note)	3,058,112	2,616,445
		$ 3,171,727	2,849,740

Note: please refer to "(ii) Financing provided to related parties" for subsidiaries list.

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(vi) Payables to related parties

Details of payables to related parties were as follows:

Account name	Types of related parties	December 31, 2024	December 31, 2023
Accounts payable－related parties	Subsidiaries:		
	Makalot Vietnam	565,822	473,486
	PT Glory	293,577	50,222
	Triple Vietnam	117,606	152,683
	PT Starlight	-	82,148
	Makalot Cambodia	19,767	99,792
	Moha	64,776	170,315
	Leader Vietnam	109,222	197,047
	Other subsidiaries	117,097	141,445
Accounts payable－related parties	Associates	160,953	134,348
Other payables－related parties	Subsidiaries:		
	PT Starlight	272	2,343
	PT Glory	-	711
	Makalot Cambodia	-	8
	Moha	4,435	-
		$ 1,453,527	1,504,548

(vii) Advances to related parties

Details of advances to related parties were as follows:

Account name	Types of related parties	December 31, 2024	December 31, 2023
Other current assets	Subsidiaries:		
	Leader PH	$ 8,155	120
	PT Starlight	1,982	-
		$ 10,137	120

The above balances were prepayment of processing fees.

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(viii) Collection and payment on behalf to related parties

Details of advances to related parties were as follows:

Account name	Types of related parties	December 31, 2024	December 31, 2023
Other current liabilities	Subsidiaries		
	Makalot Cambodia	$ 8,024	-

(ix) Donations

Details of donations to related parties were as follows:

	2024	2023
Makalot Foundation	$ 6,446	4,446

(x) Rental

Details of rental income from related parties were as follows:

	2024	2023
Other related parties	$ 202	10

(xi) Disposals of property, plant and equipment

Details of disposal property, plant and equipment to related parties were as follows:

	2024	2023
Subsidiary	$ 4,819	-

(xii) Key management personnel compensation

Key management personnel compensation comprised:

	2024	2023
Short-term employee benefits	$ 236,349	211,262
Post-employment benefits	99	95
	$ 236,448	211,357

MAKALOT INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2024	December 31, 2023
Land	Security of bank loans facility	$ 2,484,818	2,484,818
Property, plant and equipment	Security of bank loans facility	159,207	175,261
Refundable deposits	Lease deposit, etc.	5,461	7,480
		$ 2,649,486	**2,667,559**

(9) Commitments and contingencies

Unrecognized significant commitments:

(a) Unused letters of credit

	December 31, 2024	December 31, 2023
Unused letters of credit	**$ 407,374**	**248,515**

(b) The Company issued promissory notes to the banks to apply for borrowings, export bills negotiation, derivatives, and factoring of accounts receivable. The issued promissory notes were as follows:

	December 31, 2024	December 31, 2023
Issued promissory notes	**$ 16,857,035**	**16,958,035**

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	2024			2023		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salaries	1,664	1,472,393	1,474,057	1,894	1,566,501	1,568,395
Labor and health insurance	393	88,565	88,958	376	84,292	84,668
Pension	-	36,328	36,328	-	34,270	34,270
Remuneration of directors	-	128,199	128,199	-	123,326	123,326
Others	35	48,959	48,994	36	45,287	45,323
Depreciation	-	70,390	70,390	-	67,610	67,610
Amortization	-	10,741	10,741	-	7,937	7,937

(Continued)

MAKALOT INDUSTRIAL CO., LTD.
Notes to the Financial Statements

The Company's employee headcounts and employee benefits were as follows:

	2024	2023
Number of employees	856	824
Number of non-employee directors	10	10
Average employee benefits	$ 1,948	2,129
Average employee salaries	$ 1,742	1,927
Adjustment of average employee salaries	(9.60)%	(17.79)%
Supervisor's remuneration	$ -	-

The Company's salary and remuneration policy (including Directors, Managers, and Employees) is as follows:

The salary of employees is determined based on individual's position and market level, and bonuses and annual salary adjustments are based on the Company's profitability and individual work performance. The Company shall pay remuneration to the Directors for the performance of their duties, regardless of the operational profit or loss. The remuneration shall be determined by the Remuneration Committee according to the degree of their participation in the Company's operations and their contributions. The remuneration shall not exceed the highest rank standard stated in the payroll management regulation. The remuneration for managers shall refer to that for the equivalent positions in the market, the scope of responsibilities, and contribution to the Company's operational targets. The bonus is granted with reference to the overall operational performance of the Company, the achievement rate of individual performance, and the contributions to the Company's performance. The remunerations for Directors and Managers are reviewed by the Remuneration Committee and submitted to the Board of Directors for resolution.

The Company's operational performance reflects appropriately on salary and compensation. In accordance with the Articles of Incorporation, the Company should contribute at least 1% and not more than 8% of the profit as Employee compensation and not exceed 5% as Directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2024:

(Continued)

MAKALOT INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount of business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	PT Glory	Other receivable-related parties	Yes	1,249,737	1,247,645	1,247,645	5.25%~6.00%	1	Processing 3,083,127	None	-	None	-	3,083,127	5,857,426
0	The Company	PT Starlight	Other receivable-related parties	Yes	196,688	114,406	114,406	5.25%~6.00%	1	Processing 739,288	None	-	None	-	739,288	5,857,426
0	The Company	Makalot Cambodia	Other receivable-related parties	Yes	228,183	227,801	227,801	5.25%~6.00%	1	Processing 1,722,533	None	-	None	-	1,722,533	5,857,426
0	The Company	Moha	Other receivable-related parties	Yes	286,987	286,506	286,506	5.25%~6.00%	1	Processing 1,014,984	None	-	None	-	1,014,984	5,857,426
0	The Company	Makalot Vietnam	Other receivable-related parties	Yes	656,720	655,620	655,620	5.25%~6.00%	1	Processing 1,926,268	None	-	None	-	1,926,268	5,857,426
0	The Company	Triple Vietnam	Other receivable-related parties	Yes	82,090	81,952	81,952	5.25%~6.00%	1	Processing 573,119	None	-	None	-	573,119	5,857,426
0	The Company	Leader Vietnam	Other receivable-related parties	Yes	644,147	644,147	411,401	5.25%~6.00%	1	Processing 756,817	None	-	None	-	756,817	5,857,426
0	The Company	Makalot Bangladesh	Other receivable-related parties	Yes	252,616	-	-	3.0%	2	-	Operating capital	-	None	-	2,928,713	5,857,426
0	The Company	Makalot Salvador	Other receivable-related parties	Yes	131,124	131,124	32,781	5.25%~6.00%	2	-	Operating capital	-	None	-	2,928,713	5,857,426

Note: The ceiling on total loans granted by the Company to all parties is 40% of its net assets in the financial statements; the ceiling on the short-term financing for each entity's operating capital granted by the Company is 20% of its net assets in the financial statements; the ceiling on the loan granted by the Company to each entity which has business transactions with the Company is the transaction amount within a year. The policy for loans granted mutually between its overseas subsidiaries of which the Company directly or indirectly holds 100% of their voting shares is as follows:

The ceiling on total loans granted by an on overseas subsidiary to all overseas subsidiaries is 50% of the lender's net assets in the financial statements; the limit on loans granted by an overseas subsidiary to each overseas subsidiary is 30% of the lender's net assets in the financial statements.

Note 1: Nature of financing: 1. Business transaction purpose. 2. Short-term financing purpose.

Note 2: Ending facility balance approved by BOD.

(Continued)

MAKALOT INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company	Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements / guarantees to third parties on behalf of companies in Mainland China
0	The Company	Makalot Bangladesh	2	2,928,713	656,720	655,620	655,620	-	4.48 %	7,321,783	Y	N	N

Note: The ceiling on guarantees and endorsements by the Company to all parties is 50% of its net assets in the financial statements；the ceiling on guarantees and endorsements by the Company to each entity is 20% of its net assets in the financial statements.

Note 1: Relationships between guarantee provider and receiver are as follows:

(1) The company having transaction with the counterparty.
(2) The company holding more than 50% of common shares of the subsidiary.
(3) The company and its subsidiaries holding more than 50% of the common shares of the investee company.
(4) The parent company holding more than 50% of the outstanding common shares of the investee company, directly or indirectly through a subsidiary.
(5) Companies in same type of business and providing mutual endorsement and / or guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
(6) Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.

(iii) Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars/thousand shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance: Shares/Units (thousands)	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Note
The Company	Dimerco Data System Corporation (DDSC)	None	Financial assets at fair value through profit or loss－current	944	111,906	1.24 %	111,906	
The Company	STARK Technology, Inc. (STARK)	None	〃	57	7,866	0.05 %	7,866	
The Company	Cathay Financial Holding Company., Ltd(Cathay Holding)	None	〃	40	2,732	-	2,732	
The Company	Yuanta Financial Holding Co., Ltd (Yuanta Group)	None	〃	82	2,774	-	2,774	
The Company	Yuanta/P-shares Taiwan Top 50 ETF	None	〃	200	39,150	-	39,150	
The Company	Yuanta Taiwan Dividend Plus ETF	None	〃	365	13,388	-	13,388	
The Company	Cathay Taiwan 5G Plus ETF	None	〃	435	10,836	-	10,836	
The Company	Capital TIP Customized Taiwan Select High Dividend Exchange Traded Fund	None	〃	600	14,028	-	14,028	

(Continued)

MAKALOT INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

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

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	Ecolot	Subsidiary	Purchase	470,603	3 %	45~60 days	-	-	(51,578)	2%	
The Company	Namtex	Investee under equity method	Purchase	919,407	5 %	45~60 days	-	-	(160,953)	5%	
The Company	PT Glory	Subsidiary	Processing	3,083,127	30 %	30~90 days	-	-	(293,577)	9%	
The Company	PT Starlight	Subsidiary	Processing	739,288	7 %	30~90 days	-	-	-	-%	
The Company	Makalot Cambodia	Subsidiary	Processing	1,722,533	17 %	30~90 days	-	-	(19,767)	1%	
The Company	Moha	Subsidiary	Processing	1,014,984	10 %	30~90 days	-	-	(64,776)	2%	
The Company	Makalot Vietnam	Subsidiary	Processing	1,926,268	19 %	30~90 days	-	-	(565,822)	18%	
The Company	Triple Vietnam	Subsidiary	Processing	573,119	6 %	30~90 days	-	-	(117,606)	4%	
The Company	Leader Vietnam	Subsidiary	Processing	756,817	7 %	30~90 days			(109,222)	4%	
The Company	Leader PH	Subsidiary	Processing	178,660	2 %	30~90 days	-	-	-	-%	
The Company	CMK	Subsidiary	Purchase	209,185	1 %	30~90 days	-	-	(31,552)	1%	
The Company	CMZ	Subsidiary	Purchase	205,149	1 %	30~90 days	-	-	(2,889)	-%	
The Company	CJY	Subsidiary	Purchase	289,166	2 %	30~90 days	-	-	(31,078)	1%	

Note 1: The mark-up price is based on the cost or re-sale price with a fixed ratio.

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

Name of company	Related party	Nature of relationship	Ending balance	Turnover days	Overdue Amount	Overdue Action taken	Amounts received in subsequent period (Note 2)	Loss allowance
The Company	PT Glory	Subsidiary	Other receivables 1,262,043	-	-	-	14,398 (Note 1)	-
The Company	PT Starlight	Subsidiary	Other receivables 115,800	-	-	-	- (Note 1)	-
The Company	Makalot Cambodia	Subsidiary	Other receivables 230,454	-	-	-	2,653 (Note 1)	-
The Company	Moha	Subsidiary	Other receivables 371,537	-	-	-	85,031 (Note 1)	-
The Company	Makalot Vietnam	Subsidiary	Other receivables 664,240	-	-	-	133,516 (Note 1)	-

(Continued)

MAKALOT INDUSTRIAL CO., LTD.
Notes to the Financial Statements

Name of company	Related party	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period (Note 2)	Loss allowance
					Amount	Action taken		
The Company	Leader Vietnam	Subsidiary	Other receivables 411,401	-	-	-	- (Note 1)	-
PT Glory	The Company	Parent company	293,577	17.94	-	-	293,577	-
Makalot Vietnam	The Company	Parent company	565,822	3.71	-	-	509,558	-
Triple Vietnam	The Company	Parent company	117,606	4.24	-	-	117,606	-
Leader Vietnam	The Company	Parent company	109,222	4.94	-	-	109,222	-
Namtex	The Company	The company indirectly holds 50% of ownership	160,953	6.23	-	-	130,129	-

Note 1: The uncollected accounts receivable primarily consisted of loans.

Note 2: The amount was collected before February 20, 2025.

(ix) Trading in derivative instruments: None.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2024 (excluding information on investees in Mainland China):

(In thousands of New Taiwan Dollars/shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying amount			
The Company	Global	British Virgin Islands	Investment holding	1,150,450	1,115,915	37,462	100.00 %	1,508,582	16,793	10,452	Subsidiary
The Company	PT Crystal	Indonesia	Manufacture of garments	-	-	-	- %	-	-	-	Subsidiary (Note 3)
The Company	Leader PH	Philippines	Manufacture of garments	7,281	7,281	249,995	99.99 %	8,641	(9,143)	(9,142)	Subsidiary
The Company	Diamond	Philippines	Manufacture of garments	-	-	149,995	99.99 %	3,144	(108)	(108)	Subsidiary
The Company	Primeline	Philippines	Manufacture of garments	9,945	9,945	99,995	99.99 %	56	(3)	(3)	Subsidiary
The Company	Fortune Star	Samoa	Investment holding	525,309	609,846	16,359,091	100.00 %	625,435	87,199	86,287	Subsidiary
The Company	Triple	Samoa	Investment holding	574,631	574,631	18,650,000	100.00 %	260,571	1,809	(657)	Subsidiary
The Company	Makalot Salvador	Salvador	Manufacture of garments	64,277	-	199,000	99.50 %	51,857	(13,188)	(13,122)	Subsidiary
The Company	Ecolot	Taiwan	Trade service	22,302	22,302	3,699,000	61.65 %	201,361	149,016	91,449	Subsidiary
The Company	Glida	Taiwan	Sale of garments	5,000	5,000	500,000	100.00 %	5,040	31	31	Subsidiary
The Company	Great Time	Taiwan	Manufacture and sales of garments	50,000	50,000	2,500,000	100.00 %	66,612	29,948	29,948	Subsidiary
Global	PT Glory	Indonesia	Manufacture of garments	723,023	538,708	238,640	95.00 %	913,947	5,774	6,559	Subsidiary
Global	PT Starlight	Indonesia	Manufacture of garments	3,645	3,645	1,050	5.00 %	6,922	11,475	275	Subsidiary

(Continued)

MAKALOT INDUSTRIAL CO., LTD.
Notes to the Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying amount			
Global	Makalot Cambodia	Cambodia	Manufacture of garments	153,340	153,340	1,000	100.00 %	(53,704)	(914)	(914)	Subsidiary
Global	Makalot Vietnam	Vietnam	Manufacture of garments	315,263	315,263	-	100.00 %	503,884	15,231	15,231	Subsidiary
Global	Makalot Bangladesh	Bangladesh	Manufacture of garments	144,400	144,400	-	95.00 %	138,453	(6,601)	(6,271)	Subsidiary
Global	M-Star	Vietnam	Administrative service	6,500	-	-	100.00 %	6,742	183	183	Subsidiary
Triple	Moha	Cambodia	Manufacture of garments	94,524	94,524	1,000	100.00 %	(81,289)	3,014	3,014	Subsidiary
Triple	Triple Vietnam	Vietnam	Manufacture of garments	81,171	81,171	-	100.00 %	90,424	(7,772)	(7,772)	Subsidiary
Triple	Leader Vietnam	Vietnam	Manufacture of garments	238,992	238,992	-	100.00 %	249,597	6,909	6,909	Subsidiary (Note 2)
Triple	Makalot Bangladesh	Bangladesh	Manufacture of garments	7,600	7,600	-	5.00 %	7,287	(6,601)	(330)	Subsidiary
Fortune Star	Wintop	Hong Kong	Investment holding	278,078	277,755	9,080,000	100.00 %	358,428	36,546	36,546	Subsidiary
Fortune Star	Crown Era	Hong Kong	Investment holding	59,440	59,440	1,580,000	100.00 %	36,877	5,048	5,048	Subsidiary
Fortune Star	Crownway	Hong Kong	Investment holding	68,120	162,422	1,680,000	100.00 %	54,520	35,232	35,232	Subsidiary
Fortune Star	PT Starlight	Indonesia	Manufacture of garments	61,532	61,532	19,950	95.00 %	131,519	11,475	11,199	Subsidiary
Fortune Star	PT Glory	Indonesia	Manufacture of garments	40,217	30,452	12,560	5.00 %	48,102	5,774	(785)	Subsidiary
Wintop	Namtex	Vietnam	wearing	270,979	270,979	-	50.00 %	315,243	83,721	40,800	The Company indirectly holds 50% of ownership
Wintop	Makalot Salvador	Salvador	Manufacture of garments	323	-	1,000	0.50 %	261	(13,188)	(66)	Subsidiary
Ecolot	Top Shiny	Hong Kong	Investment holding	14,073	17,016	450,027	100.00 %	30,954	11,173	11,173	Subsidiary

Note 1: Investment gain or loss recognized in the current period included sales from subsidiaries to parent company.

Note 2: Due to the adjustment of the Group's investment structure, Top Trend sold the entire shares of Leader Vietnam to Triple for \$238,992 thousand, which was disclosed in the financial statements. In light of the above transaction, the original amount invested by Top Trend in Leader Vietnam was \$390,700 thousand.

Note 3: PT Crystal was dissolved and liquidated on April 19, 2024.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated investment paid by Taiwan as of January 1, 2024	Investment flows		Accumulated investment paid by Taiwan as of December 31, 2024	Net income (losses) of the investee	Investment income (losses)	Book value	Accumulated remittance of earnings as of this year
					Outflow	Inflow					
CMK	Manufacture of garments	27,033	2	27,033	-	-	27,033	(5,116)	(5,116)	36,001	14,378
CMZ	Manufacture of garments	59,440	2	59,440	-	-	59,440	5,048	5,048	36,867	7,304
CJY	Manufacture of garments	68,120	2	68,120	-	-	68,120	(17,001)	(17,001)	54,503	-
CJR (Note 1)	Manufacture of garments	94,302	2	94,302	-	94,302	-	47,770	47,770	-	149,392
CBS	Trade service	11,039	2	11,039	-	-	11,039	11,173	11,173	30,953	37,719

(Continued)

MAKALOT INDUSTRIAL CO., LTD.
Notes to the Financial Statements

Note : There are three kinds of investments

1.Invest directly in Mainland China companies.

2.Invest in Mainland China by remitting through a third region.

3.Others.

Note 1: CJR was dissolved and liquidated on May 7, 2024.

(ii) Limitation on investment in Mainland China:

Name of investor	Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	165,632	313,080	8,786,140

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Unit: shares

Shareholding Shareholder's Name	Shares	Percentage
Cathay Life Insurance Co., Ltd.	14,728,977	5.97 %
Yuanta Taiwan Dividend Plus ETF	13,149,211	5.33 %

(14) Segment information

Please refer to the consolidated financial statements of the Company and its subsidiaries as of December 31, 2024 and 2023, and for the years then ended.

MAKALOT INDUSTRIAL CO., LTD.

Statement of cash and cash equivalents

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount
Cash	Petty cash and cash on hand	$ 783
Time deposits		1,550,000
Checking accounts and demand deposits		394,416
Foreign currency deposits	USD	190,450
	CNY	52,187
	HKD	3,264
	VND	5,079
Total		**$ 2,196,179**

Note: The aforementioned foreign currency was valuated in the rate at reporting date.

Statement of notes and accounts receivable

Client name	Amount
Customer W	$ 152,407
Customer B	136,295
Customer C	114,495
Customer H	74,193
Customer A	63,627
Customer I	52,492
Customer F	52,272
Customer O	42,020
Others (Note)	78,921
Subtotal	766,722
Less: loss allowance	(8,996)
Total	**$ 757,726**

Note: Amounts less than 5% of the account balance are not disclosed individually.

MAKALOT INDUSTRIAL CO., LTD.

Statement of financial assets at fair value through profit or loss-current

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Listed stock	$ 125,278
Listed fund	77,402
	$ 202,680

Details of listed stock:

Financial asset item	Description	Shares (in thousand shares)	Par value (in TWD)	Total amount	Acquisition cost	Fair Value: Price per unit	Fair Value: Total amount	Notes
Listed stock	Ordinary Shares							
DDSC		944	$ 10	111,906	39,671	118.50	111,906	-
STARK Technology		57	10	7,866	7,303	138.00	7,866	-
Cathay Holding		40	10	2,732	2,201	68.30	2,732	-
Yuanta Holding		82	10	2,774	2,561	34.00	2,774	-
	Subtotal			$ 125,278	51,736		125,278	
Listed fund								
Yuanta Taiwan 50		200	10	$ 39,150	35,300	195.75	39,150	-
Yuanta Taiwan Dividend Plus		365	10	13,388	11,290	36.68	13,388	-
Cathay Taiwan 5G		435	10	10,836	10,984	24.91	10,836	-
Capital TIP Customized Taiwan Select High Dividend		600	10	14,028	13,249	23.38	14,028	-
	Subtotal			$ 77,402	70,823		77,402	

Statement of inventories

Items	Amount: Cost	Amount: Market price	Market price basis
Materials (including materials in transit)	$ 4,446,567	5,197,329	Net realizable value
Finished goods (including merchandise)	128,775	150,676	〃
Less: allowance for inventory impairment	(5,496)		
Total	$ 4,569,846		

MAKALOT INDUSTRIAL CO., LTD.

Statement of other financial assets-current

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Factoring of accounts receivable	$ 3,316,626
New Taiwan Dollar time deposits	1,905,100
U.S. Dollar time deposits	67,130
Others (note)	84,565
	$ 5,373,421

Note: Amounts less than 5% of the account balance are not disclosed individually.

MAKALOT INDUSTRIAL CO., LTD.

Statement of changes in investments accounted for using equity method

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

	Beginning balance		Additions		Decrease(Note1)		Others(Note2)		Ending balance			Market value or net asset value (Note3)	
Investees	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of ownership	Amount		Collateral
Equity method:													
Global Trading Int'l Co.	36,372	$ 1,340,781	1,090	34,535	-	-	-	133,266	37,462	100.00	1,508,582	1,518,309	Nil
Leader Garments Corp.	249,995	16,818	-	-	-	-	-	(8,177)	249,995	99.99	8,641	8,641	〃
Diamond Apparel Mfg., Inc.	149,995	3,054	-	-	-	-	-	90	149,995	99.99	3,144	3,143	〃
Primeline Fashion,Inc.	99,995	55	-	-	-	-	-	1	99,995	99.99	56	56	〃
PT Crystal Garment	2,673,191	-	-	-	(2,673,191)	-	-	-	-	-	-	-	〃
Triple Int'l Co.	18,650,000	243,928	-	-	-	-	-	16,643	18,650,000	100.00	260,571	266,425	〃
Fortune Star Investment Ltd.	18,929,091	829,144	310,000	9,765	(2,880,000)	(344,284)	-	130,810	16,359,091	100.00	625,435	632,231	〃
Makalot EL Salvador S.A de C.V	-	-	199,000	64,277	-	-	-	(12,420)	199,000	99.50	51,857	52,118	〃
Ecolot Textile Co., Ltd.	3,699,000	172,901	-	-	-	(64,733)	-	93,193	3,699,000	61.65	201,361	204,548	〃
Great Time Co., Ltd.	2,500,000	49,539	-	-	-	(12,875)	-	29,948	2,500,000	100.00	66,612	66,612	〃
Glida Athleties Co., Ltd.	500,000	5,009	-	-	-	-	-	31	500,000	100.00	5,040	5,041	〃
Total		$ 2,661,229		108,577		(421,892)		383,385			2,731,299		

Note 1: The amount includes the cash dividends paid.

Note 2: The amount includes:

1) Share of profit or loss of investments accounted for using equity method	$	195,135
2) Exchange differences on translation of foreign financial statements		145,864
3) Share of other comprehensive income of investments accounted for using equity method		42,386
Total	$	383,385

Note 3: The difference between the ending balance and the net asset value is due to the realized (unrealized) gains from sale.

MAKALOT INDUSTRIAL CO., LTD.

Statement of notes payable and accounts payable

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Supplier S	$ 112,252
Others (Note)	1,555,154
Total	**$ 1,667,406**

Note: Amounts less than 5% of the account balance are not disclosed individually.

Statement of other payables

Items	Amount
Salaries payable	$ 2,128,223
Remuneration payable to board of directors	136,297
Other (Note)	98,471
Total	**$ 2,362,991**

Note: Amounts less than 5% of the account balance are not disclosed individually.

MAKALOT INDUSTRIAL CO., LTD.

Statement of net revenue

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Items	Quantity (thousand dozens)	Amount
Garments	14,957	$ 34,200,852

MAKALOT INDUSTRIAL CO., LTD.

Statement of cost of revenue

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Raw materials, beginning of year	$ 3,224,116
Add: Raw materials purchased	13,800,901
Less: other	28,799
Less: Raw materials, end of year	3,759,797
Raw materials consumed	13,236,421
Accessories, beginning of year	614,920
Add: Accessories purchased	2,312,361
Less: other	6,229
Less: Accessories, end of year	686,770
Accessories consumed	2,234,282
Processing cost	10,209,080
Manufacturing overhead	387,101
Manufacturing cost	26,066,884
Add: Work in process, beginning of year	-
Less: Work in process, end of year	-
Cost of finished goods	26,066,884
Add: finished goods, beginning of year	4,411
Less: other	538
Less: Finished goods, end of year	-
Cost of production	26,070,757
Merchandise inventory, beginning of year	55,732
Add: Merchandise inventory purchased	915,553
Less: Merchandise inventory, end of year	128,775
Cost of merchandise inventory	842,510
Reversal of allowance for inventory obsolescence	(1,970)
Cost of revenue	**$ 26,911,297**

MAKALOT INDUSTRIAL CO., LTD.

Statement of operating expenses

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Item	Selling expense	Administrative and general expenses
Payroll and bonus	$ 874,863	597,530
Exporting expense	155,830	-
Sampling expense	103,225	-
Director’s remuneration	-	128,199
Others (note)	338,874	227,066
Total	**$ 1,472,792**	**952,795**

Note: Amounts less than 5% of the account balance are not disclosed individually

Property, plant and equipment, please refer to Note 6(f).
Accumulated depreciation of property, plant and equipment, please refer to Note 6(f).
Right-of-use assets, please refer to Note 6(g).
Accumalated depreciation of right-of-use assets, please refer to Note 6(g).
Intangible assets, please refer to Note 6(h).
Deferred tax assets, please refer to Note 6(n).
Other assets－current and non-current, please refer to Note 6(i).
Provision, please refer to Note 6(k).
Deferred tax liabilities, please refer to Note 6(n).
Other gains and losses, please refer to Note 6(s).
Finance costs, please refer to Note 6(s).