

Stock code: 1730

Farcent Enterprise Co., Ltd.
Parent Company Only Financial Statements
for the Years Ended December 31, 2024 and 2023
and Independent Auditors' Report

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Independent Auditors' Report

To the Board of Directors and Shareholders of Farcent Enterprise Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Farcent Enterprise Co., Ltd.(the "Company"), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, of changes in equity, and of cash flows for the years then ended December 31, 2024 and 2023, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In Our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2024 and 2023, and its parent company only financial performance and its parent company only 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 auditing standards of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountant of the Republic of China (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2024 is stated as follows:

1. Goodwill impairment test included in investment subsidiaries

Description of key audit matters

As of December 31, 2024, the balance of goodwill generated by the merger and acquisition transaction for investments accounted for using the equity method was NT\$ 429,580 thousand, accounting for 18% of the total assets, and it was significant to the financial statements. According to IAS No. 36 “Impairment of Assets”, the goodwill impairment assessment test should be conducted annually. When assessing whether the goodwill is impaired or not, the management needs to estimate the cash-generating unit’s operating cash flow that may arise in the future and determine the appropriate discount rate to calculate the recoverable amount. Since these key assumptions involve subjective judgment of management and may be affected by future market or economy, there is a high degree of uncertainty over the estimates. Consequently, the goodwill impairment assessment arising from investments in subsidiaries is identified as a key audit matter for our audit.

Refer to Note 4.8 and Note 5 of the parent company only financial statements for detailed accounting policies of investments in subsidiaries; for information regarding investments accounted for using the equity method, please refer to Note 6.6 of the parent company only financial statements.

How our audit addressed the matter

We have performed the following audit procedures in response to the specific aspects described above for the key audit matters:

- (1) Evaluate the professional competence, suitability, and objectivity of the independent appraiser appointed by the management to assist in performing impairment testing, and verify the qualifications of the appraiser. Discuss with the management the scope of work of the appraiser and review the appointment conditions to confirm that there are no issues affecting their objectivity or limiting their scope of work. Also, ensure that the methods used by the appraiser are in compliance with International Accounting Standards and industry norms.
- (2) Understand the process and basis of the management's estimation of the forecasted sales growth rate and profit margin for future business prospects.
- (3) Seek assistance from external appraisal experts to evaluate the reasonableness of major assumptions used in the model, such as expected growth rates and discount rates. The procedures include:
 - (i) Comparing the expected growth rate used with historical results, economic and industry forecasts, to determine if it is appropriate.
 - (ii) Comparing the discount rate used with assumptions on the capital cost of cash-generating units and similar asset returns rate to determine if it is appropriate.
 - (iii) Checking the settings of the appraisal model parameters and calculation formulas for any inconsistencies or errors.
 - (iv) Evaluating the sensitivity analysis of future cash flows performed by the management using different assumptions of expected growth rates, to confirm whether the management has appropriately addressed the potential impact of estimation uncertainty on impairment testing.

- (4) Inquire the management and review the audit evidence obtained from the subsequent events audit procedures to identify any issues related to impairment testing after the reporting date.

2. Recognition of Revenue

Explanation of Key Audit Matters

Refer to Note 4.15 to the accounting policy for revenue recognition in the parent company only financial statements; Refer to Note 6.15 to the parent company only financial statements for Revenue related disclosure.

For certain sales of Farcent Enterprise Co., Ltd.'s allowances, returns, or channel fees may need to be provided to customers based on the terms of the sales contract. Considering that the calculation of sales allowances, returns, or channel fees is complex and that the recognition of revenue includes deducting the discounts, returns, and channel fees of the sales customers when measuring revenue, our auditor believes that the recognition of revenue by Farcent Enterprise Co., Ltd. is one of the key audit matters for the current year.

How our audit addressed the matter

We have performed the following audit procedures in response to the specific aspects described above for the key audit matters:

- (1) Assess the correctness of the accounting policy for revenue recognition (including sales allowances, returns, and channel fees).
- (2) Obtain relevant customer sales contract terms, test the channel fees to be paid to customers according to the sales contract provisions, and obtain internal data estimated in the previous year to assess whether the estimated amount calculated by management has significant abnormalities.
- (3) Test the internal controls related to the sales and collection cycle and financial reporting, including selecting vouchers before and after the balance sheet date to confirm the appropriate cutoff of recorded sales, sales returns, and allowances.
- (4) Perform trend analysis for revenue from the top ten sales customers and each product category, comparing actual figures with relevant changes and differences from the same period last year to assess whether there are significant abnormalities.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including members of the Audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent company only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2024 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 Song Shu Lin and Ya Quan Zhang.

Crowe (TW) CPAs
Taipei, Taiwan (Republic of China)

February 24, 2025

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial position, financial performance and cash flows in accordance with 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.

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

Farcent Enterprise Co., Ltd.
Parent Company Only Balance Sheets
December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars)

	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 12)	\$ 747,792	30	\$ 585,438	25
Financial assets at fair value				
through profit or loss – current (Notes 4, 6 and 12)	64	-	-	-
Notes receivable, net (Notes 4, 6 and 12)	1,873	-	6,682	-
Accounts receivable, net (Notes 4, 6, 7 and 12)	289,828	12	359,112	15
Other receivables (Notes 4, 7 and 12)	20,727	1	21,624	1
Inventories (Notes 4, 6 and 7)	216,679	9	263,718	11
Prepayments	14,596	1	10,584	-
Other current assets (Notes 4, 6 and 12)	3,308	-	3,571	-
Total current assets	<u>1,294,867</u>	<u>53</u>	<u>1,250,729</u>	<u>52</u>
NONCURRENT ASSETS				
Investments accounted for using the equity method (Notes 4, 5, 6 and 13)	1,080,925	45	1,070,973	45
Property, plant and equipment (Notes 4 and 6)	56,565	2	61,147	3
Right-of-use assets (Notes 4 and 6)	690	-	3,673	-
Intangible assets (Notes 4 and 6)	1,244	-	1,889	-
Other noncurrent assets (Notes 4, 6, 8 and 12)	2,295	-	4,395	-
Total noncurrent assets	<u>1,141,719</u>	<u>47</u>	<u>1,142,077</u>	<u>48</u>
TOTAL ASSETS	<u>\$ 2,436,586</u>	<u>100</u>	<u>\$ 2,392,806</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value				
through profit or loss – current (Notes 4, 6 and 12)	\$ -	-	\$ 1,028	-
Accounts payable (Notes 4, 6, 7 and 12)	229,386	9	294,197	12
Other payables (Notes 4, 6, 7 and 12)	223,704	9	216,278	9
Current tax liabilities (Notes 4 and 6)	16,517	1	18,184	1
Lease liabilities – current (Notes 4, 6 and 12)	420	-	3,211	-
Other current liabilities (Notes 6)	4,390	-	3,713	-
Total current liabilities	<u>474,417</u>	<u>19</u>	<u>536,611</u>	<u>22</u>
NONCURRENT LIABILITIES				
Lease liabilities – noncurrent (Notes 4, 6 and 12)	306	-	523	-
Net defined benefit liabilities – noncurrent (Notes 4 and 6)	13,274	1	16,432	1
Total noncurrent liabilities	<u>13,580</u>	<u>1</u>	<u>16,955</u>	<u>1</u>
TOTAL LIABILITIES	<u>487,997</u>	<u>20</u>	<u>553,566</u>	<u>23</u>
EQUITY (Note 6)				
Share capital				
Ordinary shares	632,339	26	632,339	26
Capital surplus	234,657	10	234,657	10
Retained earnings				
Legal reserve	338,298	14	315,221	13
Special reserve	51,201	2	43,093	2
Unappropriated retained earnings	709,494	29	665,131	28
	<u>1,098,993</u>	<u>45</u>	<u>1,023,445</u>	<u>43</u>
Other equity				
Exchange differences on translation of foreign financial statements	(17,400)	(1)	(51,201)	(2)
	<u>(17,400)</u>	<u>(1)</u>	<u>(51,201)</u>	<u>(2)</u>
TOTAL EQUITY	<u>1,948,589</u>	<u>80</u>	<u>1,839,240</u>	<u>77</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 2,436,586</u>	<u>100</u>	<u>\$ 2,392,806</u>	<u>100</u>

(The accompanying notes are an integral part of the parent company only financial statements)

Farcent Enterprise Co., Ltd.
Parent Company Only Statements of Comprehensive Income
For the years ended December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
Operating revenue (Notes 4, 6 and 7)	\$ 1,896,814	100	\$ 2,008,014	100
Operating costs (Notes 4, 6 and 7)	(1,068,755)	(56)	(1,147,475)	(57)
Gross profit from operations	828,059	44	860,539	43
Unrealized gross profit from sale	(8,319)	-	(7,268)	-
Realized profit from sale	7,268	-	13,840	1
Gross profit from operations, net	827,008	44	867,111	44
Operating expenses (Notes 4, 6 and 7)				
Marketing expenses	(529,278)	(28)	(583,051)	(28)
General and administrative expenses	(105,519)	(6)	(92,019)	(5)
Research and development expenses	(14,145)	(1)	(16,142)	(1)
Total operating expenses	(648,942)	(35)	(691,212)	(34)
NET OPERATING INCOME	178,066	9	175,899	10
Non-operating income and expenses				
Share of profit of associates and joint ventures accounted for using the equity method (Notes 4 and 6)	80,653	4	77,074	4
Interest income (Note 7)	10,460	1	6,386	-
Other income (Note 7)	7,760	-	10,584	-
Foreign exchange gain, net (Note 4 and 12)	11,456	1	-	-
Net gain on financial asset at fair value through profit or loss(note4)	1,116	-	-	-
Finance costs (Notes 4 and 7)	(1,200)	-	(953)	-
Other losses	(943)	-	-	-
Losses on disposal of Property, plant and equipment (Note 4)	(388)	-	(51)	-
Foreign exchange loss, net (Notes 4 and 12)	-	-	(254)	-
Net loss on financial asset at fair value through profit or loss (Note 4)	-	-	(1,001)	-
Total non-operating income and expenses	108,914	6	91,785	4
INCOME BEFORE INCOME TAX	286,980	15	267,684	14
INCOME TAX EXPENSE (Notes 4 and 6)	(36,932)	(2)	(36,698)	(2)
NET INCOME	250,048	13	230,986	12
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation (Notes 4 and 6)	2,555	-	(211)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising from translation of foreign operations (Notes 4 and 6)	33,801	2	(8,108)	-
Other comprehensive income for the year, net of income tax	36,356	2	(8,319)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 286,404	15	\$ 222,667	12
EARNINGS PER SHARE (NT\$)(Note 6)	Amount		Amount	
Basic earnings per share	\$ 3.95		\$ 3.65	

(The accompanying notes are an integral part of the parent company only financial statements)

Farcent Enterprise Co., Ltd.
Parent Company Only Statements of Changes in Equity
For the years ended December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent						
	Capital Stock	Capital surplus	Retained earnings			Other equity	Total Equity
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	
Balance, January 1, 2023	\$ 632,339	\$ 234,657	\$ 289,122	\$ 68,062	\$ 625,188	\$ (43,093)	\$ 1,806,275
Appropriations of earnings :							
Legal reserve	-	-	26,099	-	(26,099)	-	-
Cash dividends of ordinary share	-	-	-	-	(189,702)	-	(189,702)
Reversal special reserve	-	-	-	(24,969)	24,969	-	-
Net profit for 2023	-	-	-	-	230,986	-	230,986
Other comprehensive income (loss),net of tax, for 2023	-	-	-	-	(211)	(8,108)	(8,319)
Total comprehensive income (loss) for 2023	-	-	-	-	230,775	(8,108)	222,667
Balance, December 31, 2023	<u>\$ 632,339</u>	<u>\$ 234,657</u>	<u>\$ 315,221</u>	<u>\$ 43,093</u>	<u>\$ 665,131</u>	<u>\$ (51,201)</u>	<u>\$ 1,839,240</u>
Balance, January 1, 2024	\$ 632,339	\$ 234,657	\$ 315,221	\$ 43,093	\$ 665,131	\$ (51,201)	\$ 1,839,240
Appropriations of earnings :							
Legal reserve	-	-	23,077	-	(23,077)	-	-
Special reserve	-	-	-	8,108	(8,108)	-	-
Cash dividends of ordinary share	-	-	-	-	(177,055)	-	(177,055)
Net profit for 2024	-	-	-	-	250,048	-	250,048
Other comprehensive income (loss),net of tax, for 2024	-	-	-	-	2,555	33,801	36,356
Total comprehensive income (loss) for 2024	-	-	-	-	252,603	33,801	286,404
Balance, December 31, 2024	<u>\$ 632,339</u>	<u>\$ 234,657</u>	<u>\$ 338,298</u>	<u>\$ 51,201</u>	<u>\$ 709,494</u>	<u>\$ (17,400)</u>	<u>\$ 1,948,589</u>

(The accompanying notes are an integral part of the parent company only financial statements)

Farcent Enterprise Co., Ltd.
Parent Company Only Statements of Cash Flows
For the years ended December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	\$ 286,980	\$ 267,684
Adjustments :		
Adjustments to reconcile profit (loss):		
Depreciation expense	7,222	8,653
Amortization expense	1,033	1,668
Expected credit loss	-	63
Net loss (gain) on financial assets and liabilities at fair value through profit of loss	(1,116)	1,001
Finance costs	1,200	953
Interest income	(10,460)	(6,386)
Share of profit of associates and joint ventures accounted for using equity method	(80,653)	(77,074)
Loss on disposal of Property, plant and equipment	388	51
Unrealized gross profit from sale	8,319	7,268
Realized profit from sale	(7,268)	(13,840)
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in notes receivable	4,809	(2,292)
Decrease in accounts receivable	69,284	27,404
Decrease in other receivable	955	87
Decrease in inventories	47,039	103,318
Decrease (increase) in prepayments	(4,012)	7,609
Decrease (increase) in other current assets	263	(1,778)
Changes in operating liabilities		
Increase (decrease) in accounts payable	(64,811)	82,467
Increase (decrease) in other payable	7,321	(21,486)
Increase (decrease) in other current liabilities	677	(4,038)
Decrease in net defined benefit liabilities	(603)	(960)
Cash generated from operations	266,567	380,372
Interest received	10,402	6,348
Dividend received	103,452	35,607
Interest paid	(1,095)	(869)
Income taxes paid	(38,599)	(29,039)
Net cash flows from operating activities	340,727	392,419
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(10,000)	-
Proceeds from disposal of financial assets at amortized cost	10,023	-
Proceeds from disposal of subsidiaries	-	4,423
Proceeds from capital reduction on investments accounted for using equity method	-	15,627
Acquisition of property, plant and equipment	(1,769)	(6,603)
Proceeds from disposal of property, plant and equipment	1,952	-
Acquisition of intangible assets	(388)	(882)
Increase in other noncurrent assets	-	(96)
Decrease in other noncurrent assets	2,100	-
Net cash used in investing activities	1,918	12,469
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(3,236)	(4,037)
Cash dividends paid	(177,055)	(189,702)
Net cash used in financing activities	(180,291)	(193,739)
NET INCREASE IN CASH AND CASH EQUIVALENTS	162,354	211,149
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	585,438	374,289
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 747,792	\$ 585,438

(The accompanying notes are an integral part of the parent company only financial statements)

Farcent Enterprise Co., Ltd.
NOTES TO PARENT COMPANY ONLY FINANCIAL
STATEMENTS

For the Years Ended December 31, 2024 and 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. General Information

Farcent Enterprise Co., Ltd. (the “Company”) was founded on May 24, 1983. The Company primarily engages in the manufacture and sales of all kinds of aromatic deodorants, dehumidifiers, dishwashing liquid, washing powder and other cleaning agents and various mops, as well as the agency sales of shoe agents and kitchen utensils. The company's stock has been listed and traded on the Taiwan Stock Exchange since September 17, 2001.

The parent company only financial statements are presented in the Company’s functional currency, New Taiwan Dollars.

2. The Authorization of Financial Statements

The accompanying parent company only financial statements were approved and authorized for issue by the Board of Directors on February 24, 2025.

3. Application of New Standards, Amendments, and Interpretations

3.1 Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (NoteA)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024 (NoteB)
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024 (NoteC)
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements ”	January 1, 2024 (NoteD)

Note A: The amendment clarifies that in a sale and leaseback transaction, if the transfer of an asset qualifies as a sale under IFRS 15, the lease liability incurred by the seller-lessee as a result of the leaseback should be accounted for in accordance with IFRS 16. Furthermore, if variable lease payments that are not based on an index or a rate are involved, the seller-lessee should still determine and recognize the lease liability arising from such variable payments in a manner that precludes the recognition of gains and losses related to the retained right-of-use asset. Any difference between the actual lease payments made subsequently and the reduction in the carrying amount of the lease liability should be recognized in profit or loss.

Note B: The amendments clarify that when an entity determines whether a liability is classified as non-current, it should assess whether it has the right to defer the settlement for at least twelve months after the reporting period. If the entity has that right at the end of the reporting period, that liability must be classified as non-current regardless of whether the entity expects to exercise the right. If the entity must meet certain conditions to have the right to defer the settlement of a liability, the entity must have met those conditions as of the end of the reporting period to classify the liability as non-current, even if the lender assesses the entity's compliance at a later date.

The aforementioned settlement refers to the transfer of cash, other economic resources, or the entity's equity instruments to the counterparty to extinguish the liability. However, if the terms of the liability provide the counterparty with an option to settle the liability using the entity's equity instruments, and this option is separately recognized in equity in accordance with IAS 32 "Financial Instruments: Presentation", then such terms do not affect the classification of the liability.

Note C: This amendment further clarifies that only contractual terms that must be complied with before the end of the reporting period will affect the classification of a liability as of that date. Contractual terms that must be complied with within 12 months after the reporting period do not affect the classification of liabilities at the reporting date. However, if a liability is classified as non-current but may need to be repaid within 12 months after the reporting period due to potential non-compliance, the relevant facts and circumstances should be disclosed in the notes.

Note D: Supplier financing arrangements involve one or more financing providers making payments to suppliers on behalf of an entity, with the entity agreeing to repay the financing providers on the payment date agreed upon with the suppliers or at a later date. The amendments to IAS 7 require an entity to disclose information about its supplier financing arrangements to enable users of financial statements to assess the impact of these arrangements on the entity's liabilities, cash flows, and exposure to liquidity risk. The amendments to IFRS 7 incorporate into its application guidance that, when disclosing how an entity manages the liquidity risk of its financial liabilities, it may also consider whether it has obtained or can obtain financing facilities through supplier financing arrangements and whether these arrangements may lead to a concentration of liquidity risk.

Based on the Company's assessment, the above standards and interpretations do not have a significant impact on the Company's financial position and financial performance.

3.2 The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by FSC with effective date starting 2025

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

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 21, "Lack of Exchangeability"	January 1, 2025

Based on the Company's assessment, the application of the above New IFRSs will not have a significant impact on the Company's financial position and financial performance.

3.3 IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except as noted below, based on the Company’s assessment, the above standards and interpretations do not have a significant impact on the Company’s financial position and financial performance.

1. Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

The IASB issued the amendments to:

- (1) Clarifies the recognition and derecognition dates of certain financial assets and liabilities and introduces a new exception for the derecognition of a financial liability (or part of a financial liability) settled through an electronic payment system. Under this exception, an entity is permitted to derecognize a financial liability before the settlement date if, and only if, the entity has initiated a payment instruction and the following conditions are met:
 - A. The entity does not have the practical ability to revoke, stop, or cancel the payment instruction;
 - B. The entity no longer has the practical ability to access the cash used for settlement as a result of the payment instruction; and
 - C. The settlement risk associated with the electronic payment system is not significant.
- (2) Clarifies and provides additional guidance on assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion. The scope includes contractual terms that may alter cash flows based on contingent events (e.g., interest rates linked to ESG targets), instruments with nonrecourse features, and contractually linked instruments.
- (3) Introduce new disclosure requirements for certain instruments with contractual terms that may alter cash flows (e.g., instruments with features linked to the achievement of environmental, social, and governance (ESG) targets). These disclosures include a qualitative description of the nature of the contingent event, quantitative information on the potential changes in contractual cash flows resulting from these contractual terms, and the gross carrying amount of financial

assets and the amortized cost of financial liabilities subject to these contractual terms.

- (4) Update the disclosure requirements for equity instruments designated at fair value through other comprehensive income (FVTOCI). The entity shall disclose the fair value of each class of investment but is no longer required to disclose the fair value of each individual investment. Additionally, the amendments require the entity to disclose the fair value gains or losses recognized in other comprehensive income during the reporting period, separately presenting the fair value gains or losses related to investments derecognized during the reporting period; the fair value gains or losses related to investments held at the end of the reporting period; and any transfers of cumulative gains or losses within equity during the reporting period related to investments derecognized during that period.

2. Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

The amendments apply to contracts that expose an entity to variability in electricity generation due to uncontrollable natural conditions (such as the weather). These amendments include:

- (1) Clarifying the application of the ‘own use’ requirements for contracts to buy or sell nature-dependent electricity:

When a contract requires an entity to purchase and take delivery of electricity as it is generated, and the design and operation of the electricity market in which the contract is transacted require the entity to sell any unused electricity within a specified time frame, the entity shall consider reasonable and supportable information regarding its past, current, and expected future electricity transactions within a reasonable period not exceeding 12 months.

An entity applying these amendments to own-use contracts involving nature-dependent electricity shall disclose the following:

- A. The variability in the underlying amount of electricity and the risk that the entity may be required to purchase electricity during a delivery interval in which it cannot use the electricity;
- B. Unrecognized contractual commitments, including the expected future cash flows from purchasing electricity under these contracts; and
- C. The impact of these contracts on the entity’s financial performance for the reporting period.

- (2) Clarifying the application of hedge accounting for contracts involving nature-dependent electricity as hedging instruments:

An entity is permitted to designate as the hedged item a variable nominal amount of forecast electricity transactions that aligns with the variable amount of nature-dependent electricity expected to be delivered by the generation facility referenced in the hedging instrument. Additionally, when a contract involving nature-dependent electricity is designated as a hedging instrument in a cash flow hedge relationship, and its cash flows are conditional on the occurrence of a forecast transaction, that forecast transaction is presumed to be highly probable.

For entities that designate contracts involving nature-dependent electricity as hedging instruments, the terms and conditions of such hedging instruments shall be disclosed by risk category in accordance with IFRS 7.

3. Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments address an existing inconsistency between IFRS 10 and IAS 28. The recognition of a gain or loss arising from the sale or contribution of assets between an investor and its associate or joint venture depends on the nature of the assets transferred:

- (1) If the assets sold or contributed constitute a business, the full gain or loss is recognized;
- (2) If the assets sold or contributed do not constitute a business, the gain or loss is recognized only to the extent of the investor’s interest that is not attributable to related parties in the associate or joint venture.

4. IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18, Presentation and Disclosure in Financial Statements, replaces IAS 1. The standard introduces a structured format for the statement of profit or loss, disclosure requirements for management-defined performance measures, and enhanced principles on aggregation and disaggregation applicable to the primary financial statements and notes.

5. IFRS 19 “Subsidiaries without Public Accountability: Disclosures”

The standard allows eligible subsidiaries to apply IFRSs with reduced disclosure requirements.

As of the issuance date of these parent company statements, the Company is still evaluating the impact of the above standards and interpretations on its financial position and financial performance. The related impact will be disclosed upon completion of the assessment.

4. Summary of Material Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently across all reporting periods unless otherwise stated.

4.1 Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates.

4.2 Basis of Preparation

Except for the financial instruments measured at fair value and net defined benefit liabilities recognized based on the net amount of the present value of defined benefit obligation less fair value of plan assets, the parent company only financial statements have been prepared under the historical cost convention.

Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- (1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing the parent company only financial statements, the Company account for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the

parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the parent company only financial statements.

4.3 Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

- (1) Assets held mainly for trading purposes;
- (2) Assets that are expected to be realized within twelve months from the balance sheet date; or
- (3) Cash and cash equivalents, excluding restricted cash and cash equivalents and those intended to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Current liabilities include :

- (1) Liabilities arising mainly from trading activities;
- (2) Liabilities that are to be settled within twelve months from the balance sheet date, even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- (3) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

4.4 Foreign Currencies

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

For the purposes of presenting the parent company only financial statements, the assets and liabilities of the Company's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

4.5 Cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including the original maturity of the

time deposits within three months.)

4.6 Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

(1) Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized using trade date accounting.

(a) Measurement categories

Financial assets are classified into the following categories: Financial assets measured at FVTPL, financial assets measured at amortized cost.

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

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include equity investments that are not designated as at FVTOCI and debt investments that do not meet the criteria for being classified as at amortized cost criteria or at FVTOCI.

Financial assets at FVTPL are initially and subsequently measured at fair value, with dividends, interest earned, and gains or losses arising from remeasurement recognized in other gains or losses. Fair value is determined in the manner described in Note 12.2

(ii) Financial assets at amortized cost

Financial assets that meet both of the following conditions are measured at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

(b) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company recognizes loss allowances at an amount equal to lifetime expected credit losses for accounts receivable, contract assets, and lease receivables. For all other financial instruments, the Company recognizes lifetime ECLs for which there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes impairment losses in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulate gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI in its entirety, the cumulative gain or loss that had been recognized in other comprehensive incomes transferred directly to retained earnings, without reclassifying to profit or loss.

(2) Financial liabilities

(a) Subsequent measurement

Except for the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or is designated as at fair value through profit or loss.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss (excluding any dividends or interest paid on the financial liability). Fair value is determined in the manner described in Note 12.2.

(b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) and payable is recognized in profit or loss.

(3) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial

liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

If the Company reacquires its own equity instruments, those instruments shall be deducted from equity. No gain or loss shall be recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(4) Derivative Financial Instruments

The derivatives signed by the Company are forward foreign exchange contracts to manage the Company's exchange rate risk.

Derivative financial instruments are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative financial instrument is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. Derivatives are categorized as financial assets when the fair value is positive and are categorized as financial liabilities when the fair value is negative.

4.7 Inventories

Inventories consist of raw materials, supplies, work in process, finished goods and merchandise. Cost of inventories is determined using the weighted average method. Inventories are measured at the lower of cost and net realizable value. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. Appropriate allowances have been made for sluggish and non-performing inventories, and sluggish and depreciation losses are recognized as operating costs for the current period.

4.8 Investments accounted for using the equity method

The Company accounts for its investments in subsidiaries and associates using the equity method.

(1) Investment in subsidiaries

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

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. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary is recognized as goodwill at the date of acquisition, which is included within the carrying amount of the investment and cannot be amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of an associate over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company loses control of a subsidiary, any retained investment of the former subsidiary is measured at the fair value at that date. A gain or loss is

recognized in profit or loss and calculated as the difference between (a) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and (b) the previous carrying amount of the investments in such subsidiary. In addition, the Company shall account for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the subsidiary had directly disposed of the related assets and liabilities.

When the Company transacts with its subsidiaries, profits and losses resulting from the transactions with the subsidiaries are recognized in the Company's parent company only financial statements only to the extent of interests in the subsidiaries that are not owned by the Company.

(2) Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Company accounts for its investments in associates using the equity method. Under the equity method, an investment in an associate is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associate as well as the distribution received. The Company also recognizes its share in the changes in the equities of associates.

In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Unrealized gains and losses resulting from transactions between the Company and its associates are eliminated to the extent of the interest in the associate.

4.9 Property, Plant and Equipment

Property, plant and equipment are tangible items held for the production or provision of goods or services, leased to others, or for management purposes and are expected to be used for more than one period. When the condition of reliable measurement is recognized, it shall be measured and recognized at cost, and property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets commences when the assets are ready for their

intended use.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method over the estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, any change is accounted for as a change in accounting estimate.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.10 Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

The Company as lessee

Except for payments for low-value asset leases and short-term leases which are recognized as expenses on a straight-line basis, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, less any lease incentives received, and plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if the ownership of the underlying assets is transferred to the Company by the end of the lease terms or if the costs of right-of-use assets reflect that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments that depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

When there is a change in a lease term, a change in the assessment of an option to purchase an underlying asset, a change in the amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented as a separate line item in the parent company only balance sheets.

4.11 Intangible assets

(1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

(2) Internally-generated intangible assets-research and development expenditure

Research costs are expensed as incurred.

(3) Acquired by business combination

Intangible assets acquired in a business combination are recognized at fair value on the acquisition date and recognized separately from goodwill. Subsequent measurement methods are the same as for intangible assets acquired separately.

(4) Derecognition

Any gain or loss arising from the disposal of the assets is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.12 Impairment of Tangible and Intangible Assets (other than goodwill)

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

For intangible assets with indefinite useful lives and not yet available for use, impairment tests shall be conducted at least annually and when there is evidence of impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

4.13 Employee benefits

(1) Short-term employee benefits

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

(2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost and settlement profit (loss)) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

4.14 Provision

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When a part or all of the expenses required to pay off the liability provision is expected to be repaid from the other party, when the receivable is almost certain and the amount can be measured reliably, the receivable shall be recognized as an asset.

(1) Onerous contracts

When the Company expects that the inevitable cost of fulfilling the contractual obligations exceeds the expected economic benefits obtained from the contract, it recognizes the current obligations arising from onerous contracts as liability reserves.

(2) Warranty

The warranty obligation to ensure that the product conforms to the agreed specifications is based on the management's best estimate of the expenditure required to pay off the Company's obligations, and is recognized at the same time as the date when the revenue is recognized for the relevant product.

4.15 Revenue Recognition

The Company identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Sale of goods

The Company recognizes revenue and accounts receivable at the time when the customer has the right to set the price and use of the product and bears the primary responsibility for reselling the product, and bears the risk of obsolescence of the product.

The Company does not recognize sale on transactions involving the delivery of materials to subcontractors since there is no transfer to subcontractors of the rights to these materials.

4.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of

qualifying assets are capitalized as part of the cost of those assets until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Investment income earned on the temporary investment of specific borrowings prior to the occurrence of eligible capital expenditures is deducted from the borrowing costs eligible for capitalization.

Except for those qualifying capitalization, all other borrowing costs are recognized as an expense in profit or loss as incurred.

4.17 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(1) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

An additional tax calculated in accordance with Income Tax Act of the Republic of China is levied on the unappropriated retained earnings and is recorded as income tax expense in the subsequent year when the stockholders approve to distribute retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

(2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the parent company only financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and increased to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the

reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. If the current income tax or deferred income tax is generated from the business combination, the income tax impact will be included in the accounting treatment of the business combination.

5. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

In the application of the aforementioned Company's accounting policies, the Company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period, or in the period of the revision and future periods if the revisions affect both current and future periods.

In the preparation of the parent company only financial statements, the critical accounting judgments the Company has made and the major sources of estimation and assumption uncertainty are described as follows:

Impairment assessment of investments accounted for using the equity method (including goodwill)

The management of the Company evaluates the impairment based on the future cash flows forecast of the invested company. Including the sales growth rate and production capacity utilization rate estimated by the internal management of the invested company, and determines the appropriate discount rate for calculating the present value. The Company also considers the relevant market and industry profiles to determine the rationality of its relevant assumptions.

6. Description of Significant Accounts

6.1 Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	\$ 150	\$ 150
Checking deposits	550	701
Demand deposits	193,085	252,448
Time deposits	234,749	132,430
Repurchase agreements	319,258	199,709
	<u>\$ 747,792</u>	<u>\$ 585,438</u>

(1) The Company has no cash and cash equivalents pledged as collaterals.

- (2) The interest rates for repurchase agreements as of December 31, 2024 and 2023 is as follows:

	December 31, 2024	December 31, 2023
Repurchase agreements	1.30%~1.33%	1.10%

6.2 Financial instruments at fair value through profit or loss

	December 31, 2024	December 31, 2023
Financial assets - current		
Financial assets held for trading		
Foreign Exchange Swaps	\$ 64	\$ —
Financial liabilities - current		
Financial liabilities held for trading		
Foreign exchange forward contracts	\$ —	\$ 1,028

- (1) The Company has no financial assets at fair value through profit or loss pledged as collaterals.
- (2) In 2024, the Company entered into foreign exchange swaps to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. These foreign exchange swaps did not meet the criteria for hedge accounting. Therefore, the Company did not apply hedge accounting treatment for these foreign exchange swaps. At the end of the reporting period, outstanding foreign exchange swaps not under hedge accounting were as follows:

December 31, 2024				
Company Name	Derivative Name	Contract amount (Nominal Principal in thousands)		Contract period
Farcent Enterprise Co., Ltd.	foreign exchange swaps –NTD to RMB	RMB	3,700	2024.12.04~2025.03.06
“	“	RMB	300	2024.12.04~2025.03.06

6.3 Notes receivable, Net

	December 31, 2024	December 31, 2023
Arising from operating activities	\$ 1,873	\$ 6,682
Less: Loss allowance	—	—
Notes receivable, net	\$ 1,873	\$ 6,682

The Company has no notes receivable pledged as collaterals.

6.4 Accounts receivable, Net

	December 31, 2024	December 31, 2023
<u>Amortized at cost</u>		
Gross carrying amount-Non related parties	\$ 263,635	\$ 303,121
Gross carrying amount from related parties	28,715	58,513
Less: loss allowance	(2,522)	(2,522)
Accounts receivable, net	<u>\$ 289,828</u>	<u>\$ 359,112</u>

Overdue receivable (presented as Other noncurrent assets)

	December 31, 2024	December 31, 2023
<u>Amortized at cost</u>		
Gross carrying amount	\$ 2,132	\$ 2,132
Less: loss allowance	(2,132)	(2,132)
Overdue receivable, net	<u>\$ —</u>	<u>\$ —</u>

- (1) The Company has no accounts receivable and overdue receivable pledged as collaterals.
- (2) In principle, the credit period of sales of goods granted to customers ranges from 30 to 90 days. The Company using the simplified approach to recognize the loss allowance at an amount equal to lifetime expected credit losses. The expected credit losses are calculated based on loss rates estimated by reference to past default experience and the current financial position of the debtor, adjusted for current and forecast economic conditions of the industry. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision matrix for loss allowance based on past due status is not further distinguished according to the Company's different customer base, and only determined expected credit loss rate based on the days past due.
- (3) The loss allowances of notes receivable, accounts receivable and overdue receivable are measured using a provision matrix as follow:

December 31, 2024	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECL)	Amortized cost
Not past due	0%~0.5%	\$ 279,252	\$ (1,580)	\$ 277,672
1 – 30 days	5%	10,661	(446)	10,215
31 – 60 days	10%	4,148	(415)	3,733
Over 60 days	50%	162	(81)	81
Overdue receivable	100%	2,132	(2,132)	—
		<u>\$ 296,355</u>	<u>\$ (4,654)</u>	<u>\$ 291,701</u>

December 31, 2023	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECL)	Amortized cost
Not past due	0%~0.5%	\$ 338,660	\$ (470)	\$ 338,190
1 – 30 days	5%	27,457	(1,263)	26,194
31 – 60 days	10%	776	(78)	698
Over 60 days	50%	1,423	(711)	712
Overdue receivable	100%	2,132	(2,132)	–
		<u>\$ 370,448</u>	<u>\$ (4,654)</u>	<u>\$ 365,794</u>

- (4) The movements of the loss allowances of notes receivable, accounts receivable and overdue receivable were as follows:

	2024	2023
Balance at January 1	\$ 4,654	\$ 4,591
Add: Recognition of impairment losses	–	63
Balance at December 31	<u>\$ 4,654</u>	<u>\$ 4,654</u>

6.5 Inventories

	December 31, 2024	December 31, 2023
Merchandise	\$ 4,657	\$ 47,330
Raw materials	14,998	14,263
Supplies	17,801	20,013
Semi-finished goods	3,094	3,900
Finished goods	176,129	178,212
	<u>\$ 216,679</u>	<u>\$ 263,718</u>

- (1) The Company has no inventories pledged as collaterals.

- (2) The cost of inventories recognized as expense for 2024 and 2023:

	2024	2023
Cost of goods sold	\$ 1,104,792	\$ 1,145,633
Ggain on reversal in market value of inventories	(53,805)	(7,998)
Loss on inventory given up	17,416	10,415
Loss(gain) on physical inventory	352	(575)
	<u>\$ 1,068,755</u>	<u>\$ 1,147,475</u>

6.6 Investments accounted for using the equity method

	December 31, 2024	December 31, 2023
Subsidiaries	\$ 956,579	\$ 962,501
Associates	124,346	108,472
	<u>\$ 1,080,925</u>	<u>\$ 1,070,973</u>

(1) The Company has no Investments accounted for using the equity method pledged as collaterals.

(2) Investments in subsidiaries:

	December 31, 2024		December 31, 2023	
Subsidiaries	Carrying Amount	Percentage of Ownership	Carrying Amount	Percentage of Ownership
Eutech International Co., Ltd.	\$ 305,517	100.00%	\$ 307,233	100.00%
Dikai International Enterprise Co., Ltd	429,580	75.119%	414,640	75.119%
Farcent International (Samoa) Co., Ltd.	111,930	100.00%	140,455	100.00%
Farcent International (Asia) Co., Ltd.	67,408	60.148%	62,081	60.148%
Farcent Vina Co., Ltd.	7,174	65.00%	6,160	65.00%
Farcent Malaysia SDN BHD	34,970	100.00%	31,932	100.00%
	<u>\$ 956,579</u>		<u>\$ 962,501</u>	

(a) Investments in subsidiaries accounted for using the equity method and the Company's share of profit or loss and other comprehensive income for 2024 and 2023 in these investments are calculated based on the financial statements audited by accountant. °

(b) The Company's investee company Farcent Biotechnology International Enterprise Co., Ltd with an original investment cost of NT\$ 5,000 thousand decided to dissolve on August 18, 2022 and completed liquidation on March 13, 2023. The amount of the returned shares and the book value on the date of disposal were both NT\$ 4,422 thousand.

(c) Farcent International (Samoa) Co., Ltd. was approved by the board of directors on November 2, 2023, and resolved to reduce cash capital by NT\$ 15,627 thousand (USD 500 thousand). The base date of capital reduction is December 20, 2023. The cash capital reduction has been registered for change on November 27, 2023.

(3) Investments in associates:

	December 31, 2024	December 31, 2023
Farcent Enterprise (Thailand) Ltd.	\$ 124,346	\$ 108,472

(a) The Ownership and voting rights held by the Company at the balance sheet date is as follows:

	December 31, 2024	December 31, 2023
Farcent Enterprise (Thailand) Ltd.	40%	40%

Please refer to Tables 2 for the nature of businesses, operating location, and registration information of the aforementioned associates.

- (b) The market prices information of the associates' ownership held by the Company in publicly traded stocks calculated by the closing price at the end of the reporting period: None;
- (c) The aggregated financial information of the associates that are material to the Company: None;
- (d) The aggregated information of the associates that are individually immaterial to the Company is as follows:

	2024	2023
The Company's share		
Profit from continuing operations	\$ 9,841	\$ 9,791
Other comprehensive income, net of tax	7,473	1,122
Total comprehensive income	\$ 17,314	\$ 10,913

Investments accounted for using the equity method and the Company's share of profit or loss and other comprehensive income in these investments are calculated based on the financial statements audited by accountant.

6.7 Property, plant and equipment

	2024				
	Balance at January 1	Additions	Disposals	Reclassification	Balance at December 31
<u>Cost</u>					
Land	\$ 40,367	\$ —	\$ —	\$ —	\$ 40,367
Buildings	29,156	—	—	—	29,156
Transportation equipment	2,600	—	(2,600)	—	—
Office equipment	7,587	992	(1,870)	—	6,709
Leased assets	208	—	(208)	—	—
Assets leased to others	15,316	—	—	(1,897)	13,419
Other equipment	17,771	777	—	1,897	20,445
Subtotal	113,005	1,769	(4,678)	—	110,096
<u>Accumulated impairment</u>	(2,639)	—	—	—	(2,639)

<u>Accumulated depreciation</u>					
Buildings	(14,213)	(519)	–	–	(14,732)
Transportation equipment	(130)	(130)	260	–	–
Office equipment	(6,451)	(718)	1,870	–	(5,299)
Leased assets	(208)	–	208	–	–
Assets leased to others	(12,833)	(804)	–	316	(13,321)
Other equipment	(15,384)	(1,840)	–	(316)	(17,540)
Subtotal	(49,219)	(4,011)	2,338	–	(50,892)
Carrying amounts	\$ 61,147	\$ (2,242)	\$ (2,340)	\$ –	\$ 56,565

	2023				
	Balance at January 1	Additions	Disposals	Reclassification	Balance at December 31
<u>Cost</u>					
Land	\$ 40,367	\$ –	\$ –	\$ –	\$ 40,367
Buildings	29,156	–	–	–	29,156
Transportation equipment	–	2,600	–	–	2,600
Office equipment	8,067	975	(1,455)	–	7,587
Leased assets	376	–	(168)	–	208
Assets leased to others	13,219	1,563	(35)	569	15,316
Other equipment	18,383	1,465	(2,077)	–	17,771
Subtotal	109,568	6,603	(3,735)	569	113,005
<u>Accumulated impairment</u>	(2,639)	–	–	–	(2,639)
<u>Accumulated depreciation</u>					
Buildings	(13,695)	(518)	–	–	(14,213)
Transportation equipment	–	(130)	–	–	(130)
Office equipment	(7,230)	(676)	1,455	–	(6,451)
Leased assets	(376)	–	168	–	(208)
Assets leased to others	(11,718)	(1,150)	35	–	(12,833)
Other equipment	(15,271)	(2,139)	2,026	–	(15,384)
Subtotal	(48,290)	(4,613)	3,684	–	(49,219)
Carrying amounts	\$ 58,639	\$ 1,990	\$ (51)	\$ 569	\$ 61,147

(1) Depreciation of the Company's property, plant and equipment is computed using

straight-line method over the following estimated useful lives:

Buildings	16 to 56 years
Transportation equipment	5 years
Office equipment	2 to 6 years
Leased assets	3 years
Assets leased to others	1 to 5 years
Other equipment	1 to 6 years

- (2) The Company has no property, plant and equipment pledged as collaterals.
- (3) As there was no indication of impairment in 2024 and 2023, no impairment loss was recognized for the year.

6.8 Lease agreements

- (1) Right-of-use assets

		2024				
		Balance at January 1	Additions	Disposals	Reclassification	Balance at December 31
<u>Cost</u>						
Buildings	\$	7,297	\$ —	\$ —	\$ —	\$ 7,297
Transportation equipment		5,263	—	(5,263)	—	—
Office equipment		266	228	—	—	494
Subtotal		12,826	228	—	—	7,791
<u>Accumulated depreciation</u>						
Buildings		(4,728)	(2,246)	—	—	(6,974)
Transportation equipment		(4,385)	(878)	5,263	—	—
Office equipment		(40)	(87)	—	—	(127)
Subtotal		(9,153)	(3,211)	—	—	(7,101)
Carrying amounts	\$	3,673	\$ (2,983)	\$ —	\$ —	\$ 690
		2023				
		Balance at January 1	Additions	Disposals	Reclassification	Balance at December 31
<u>Cost</u>						
Buildings	\$	7,297	\$ —	\$ —	\$ —	\$ 7,297
Transportation equipment		5,263	—	—	—	5,263
Office equipment		—	266	—	—	266
Subtotal		12,560	266	—	—	12,826

<u>Accumulated depreciation</u>					
Buildings	(2,482)	(2,246)	–	–	(4,728)
Transportation equipment	(2,631)	(1,754)	–	–	(4,385)
Office equipment	–	(40)	–	–	(40)
Subtotal	(5,113)	(4,040)	–	–	(9,153)
Carrying amounts	\$ 7,447	\$ (3,774)	\$ –	\$ –	\$ 3,673

The Company has no right-of-use assets pledged as collaterals.

As there was no indication of impairment in 2024 and 2023 no impairment loss was recognized for the year.

(2) Lease liabilities

	December 31, 2024	December 31, 2023
Carrying amount of lease liabilities		
Current	\$ 420	\$ 3,211
Noncurrent	\$ 306	\$ 523

The ranges of discount rates for the lease liabilities:

	December 31, 2024	December 31, 2023
Buildings	1.359%~1.851%	1.359%~1.851%
Transportation equipment	1.587%	1.587%
Office equipment	13%	13%

(3) Other lease information

	2024	2023
Expenses relating to short-term leases	\$ 1,668	\$ 1,605
Expenses relating to low-value asset leases	\$ 43	\$ 53
Total cash outflow for leases	\$ 5,022	\$ 5,801

6.9 Intangible assets

	2024			
	Balance at January 1	Additions	Retirements	Balance at December 31
<u>Cost</u>				
Trademark	\$ 5,000	\$ –	\$ –	\$ 5,000
Computer software	6,691	388	(4,385)	2,694
Subtotal	11,691	388	(4,385)	7,694

Accumulated Amortization

Trademark	(4,720)	(242)	–	(4,962)
Computer software	(5,082)	(791)	4,385	(1,488)
Subtotal	(9,802)	(1,033)	4,385	(6,450)
Carrying amounts	\$ 1,889	\$ (645)	\$ –	\$ 1,244

2023

	Balance at January 1	Additions	Retirements	Balance at December 31
<u>Cost</u>				
Trademark	\$ 5,000	\$ –	\$ –	\$ 5,000
Computer software	8,955	882	(3,146)	6,691
Subtotal	13,955	882	(3,146)	11,691
<u>Accumulated Amortization</u>				
Trademark	(4,265)	(455)	–	(4,720)
Computer software	(7,015)	(1,213)	3,146	(5,082)
Subtotal	(11,280)	(1,668)	3,146	(9,802)
Carrying amounts	\$ 2,675	\$ (786)	\$ –	\$ 1,889

(1) Amortization of the Company's intangible assets is computed using straight-line method over the following estimated useful lives:

Trademark 1 to 9 years

Computer software 3 years

(2) The Company has no intangible assets pledged as collaterals.

6.10 Other assets

	December 31, 2024	December 31, 2023
<u>Current</u>		
Other financial assets	\$ 56	\$ 76
Temporary payments	2,996	2,325
Payment on behalf of others	256	1,170
	<u>\$ 3,308</u>	<u>\$ 3,571</u>
<u>Non-current</u>		
Refundable deposits	795	2,895
Other financial assets	1,500	1,500
	<u>\$ 2,295</u>	<u>\$ 4,395</u>

The Company pledged some of its other financial assets-noncurrent as collaterals. Please

refer to Note 8 for more information.

6.11 Accounts payable

	December 31, 2024	December 31, 2023
Accounts payable-non-related parties	\$ 116,333	\$ 155,413
Accounts payable-related parties	113,053	138,784
	<u>\$ 229,386</u>	<u>\$ 294,197</u>

6.12 Other liabilities

	December 31, 2024	December 31, 2023
<u>Current</u>		
Other payables		
-accrued expenses	\$ 135,345	\$ 129,596
-Salary payable	50,141	49,562
-Loans	33,103	30,920
-Others	5,115	6,200
Contract liabilities	980	1,018
Unearned receipts	105	161
Temporary receipts	586	469
Receipts under custody	2,719	2,065
	<u>\$ 228,094</u>	<u>\$ 219,991</u>

Please refer to Note 7.2 for information on the Company's loans from related parties as of December 31, 2024 and 2023.

6.13 Retirement benefit plans

(1) Defined contribution plans

The employee pension plan under the Labor Pension Act of the R.O.C. (the Act) is a defined contribution plan. Pursuant to the plan, the Company makes monthly contributions of 6% of each individual employee's salary or wage to employees' pension accounts.

Accordingly, the Company recognized expenses of NT\$ 6,569 thousand and NT\$ 7,204 thousand in the statements of comprehensive income for the year ended December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, the Company's due contribution amounts that has not yet been paid to the plan amounted to NT\$ 1,605 thousand and NT\$ 1,825 thousand, respectively. The aforementioned amounts have been paid after balance sheet date.

(2) Defined benefit plans

The Company has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 2% of salaries paid each month to their respective pension funds, which are administered by the Labor Pension Fund Supervisory Committee and deposited in the Committee's name in the Bank of Taiwan.

- (a) Amounts recognized in the parent company only balance sheets in respect of these defined benefit plans were as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	\$ 25,588	\$ 29,439
Fair value of plan assets	(12,314)	(13,007)
Plan deficits	13,274	16,432
Unrecognized actuarial gain, net	—	—
Net defined benefit liability	\$ 13,274	\$ 16,432

- (b) Movements in net defined benefit liabilities were as follows:

	2024		
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance at January 1	\$ 29,439	\$ (13,007)	\$ 16,432
Service cost:			
Current service cost	—	—	—
Past service cost	(1,128)	1,079	(49)
Interest expense (revenue)	283	(96)	187
Curtailment or Settlement profit (loss)	—	—	—
Amounts recognized in profit or loss	(845)	983	138
Remeasurements:			
Return on plan asset	—	(1,306)	(1,306)
Actuarial (gains) losses —			
Effect of change in demographic assumptions	—	—	—
Effect of change in financial assumptions	(767)	—	(767)
Experience adjustments	(482)	—	(482)
Amounts recognized in other comprehensive income	(1,249)	(1,306)	(2,555)
Pension fund contribution	—	(741)	(741)
Paid Pension	(1,757)	1,757	—
Balance at December 31	\$ 25,588	\$ (12,314)	\$ 13,274

	2023		
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance at January 1	\$ 30,803	\$ (13,622)	\$ 17,181
Service cost:			
Current service cost	—	—	—
Past service cost	—	—	—
Interest expense (revenue)	312	(108)	204
Curtailment or Settlement profit (loss)	(952)	881	(71)
Amounts recognized in profit or loss	(640)	773	133
Remeasurements:			
Return on plan asset	—	(163)	(163)
Actuarial (gains) losses —			
Effect of change in demographic assumptions	—	—	—
Effect of change in financial assumptions	94	—	94
Experience adjustments	280	—	280
Amounts recognized in other comprehensive income	374	(163)	211
Pension fund contribution	—	(1,093)	(1,093)
Paid Pension	(1,098)	1,098	—
Balance at December 31	\$ 29,439	\$ (13,007)	\$ 16,432

- (c) Amounts recognized in profit or loss in respect of defined benefit plans for the years ended December 31, 2024 and 2023 were summarized by function as follows:

	2024	2023
Cost of goods sold	\$ —	\$ —
Marketing expenses	\$ 74	\$ 69
Administrative expenses	\$ 64	\$ 64

- (d) Because of the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:
- (i) Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. at the discretion of the Bureau of Labor Funds of Ministry of Labor, or under the mandated management. However, under the Labor Standards Law, the rate of return on plan assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.
 - (ii) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially

offset by an increase in the return on the debt investments of the plan assets.

- (iii) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.
- (e) The actuarial valuations of the most recent plan assets and defined benefit obligation were carried out by qualified actuary. The present value of defined benefit obligation and the relevant current and past service costs are estimated by using the projected unit credit method.

The principal assumptions of the actuarial valuation were as follows:

	December 31, 2024	December 31, 2023
Discount rate	1.60%	1.15%
Future salary increase rate	2.00%	2.00%

Reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	December 31, 2024
Discount rate 1.60%	
Increase 0.25%	\$ (398)
Decrease 0.25%	408
Future salary increase rate 2.00%	
Increase 0.25%	406
Decrease 0.25%	(398)
Turnover rate	
110% of the presumed turnover rate	—
90% of the presumed turnover rate	—

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

- (f) The Company expects to make contributions of NT\$ 190 thousand to the defined benefit pension plans in the next year starting from December 31, 2024. The weighted average duration of the defined benefit obligation is 6 years.

6.14 Equity

(1) Capital stock

	December 31, 2024	December 31, 2023
Authorized shares (in thousands)	63,900	63,900
Authorized capital	\$ 639,000	\$ 639,000
Issued and paid shares (in thousands)	63,234	63,234
Issued capital	\$ 632,339	\$ 632,339

A holder of issued common shares with par value of NT\$10 per share is entitled to vote and to receive dividends.

The authorized shares include 6,390 thousand shares allocated for the exercise of employee stock options.

(2) Capital surplus

	December 31, 2024	December 31, 2023
Share premium	\$ 232,991	\$ 232,991
Employee share options	1,645	1,645
Donations from shareholders	21	21
	<u>\$ 234,657</u>	<u>\$ 234,657</u>

Pursuant to the Company act, the capital surplus shall not be used except for making good the deficit (or loss) of the Company. Capital surplus arising from the excess of the issuance price over the par value of share capital (including the surplus arising from the excess of par value on issuance of common shares, shares issued for mergers, convertible bonds and treasury shares transactions) and donations can be used to issue new stocks to shareholders, it is limited to a certain percentage of the Company's paid-in capital each year. Capital surplus arising from the investments accounted for using the equity method, employee share options and share options shall not be used. When the Company incurs no loss, it may distribute its aforementioned capital surplus arising from the excess of the issuance price over the par value of share capital and donations by cash dividend to shareholders in proportion to their share ownership.

(3) Legal reserve

Pursuant to the Company act, Company shall estimate the losses to be covered and set aside the legal reserve at 10% of the remaining earnings until the accumulated legal capital reserve equals the Company's paid-in capital. Where legal reserve is distributed by issuing new shares or by cash, only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

(4) Special reserve

The Company is required to set aside additional special reserve in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022, Jin-Guan-Zheng-Fa-Zi Letter No. 10901500221 issued by the FSC and "After the adoption of International Financial Reporting Standards (IFRSs), questions and answers for application of appropriation of special reserve". When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(5) Retained earnings and dividend policy

- (a) Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder including the accumulated undistributed earnings of prior period, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting. Of the amount to be distributed by the Company, the cash dividend shall not be lower than 10% of the total shareholder dividend, but if the cash dividend is less than NT\$ 0.1 per share, it will not be paid, and it will be paid as a stock dividend instead. If distributing surplus earning in the form of new shares, it shall be approved by a meeting of shareholders.

- (b) Details of the 2023 and 2022 earnings distributions and dividends per share as resolved by general shareholders' meeting June 13, 2024 and June 16, 2023, respectively, are as follows:

Unit: NT\$ thousand/NT\$ per share

	Appropriation of Earnings		Dividends per share(NT\$)	
	2023(note)	2022(note)	2023	2022
Legal reserve	\$ 23,077	\$ 26,099		
Special reserve	8,108	(24,969)		
Cash dividend	177,055	189,702	\$ 2.80	\$ 3.00
	<u>\$ 208,240</u>	<u>\$ 190,832</u>		

Note: There is no difference between the aforementioned appropriation of earnings resolved by the general shareholders' meeting and the resolutions of the board of directors on February 26, 2024 and February 24, 2023, respectively.

The appropriations of earnings for 2024 had been approved in the meeting of the Board of Directors on February 24, 2025, and the appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends per share(NT\$)
Legal reserve	\$ 25,260	
Special reserve	(33,801)	
Cash dividend	189,702	\$ 3.00
	<u>\$ 181,161</u>	

The appropriations of earnings for 2024 are to be presented for approval in the shareholders' meeting which is to be held on May 29, 2025.

Information on the resolution of the Board of Directors' and shareholders' meetings regarding the appropriation of earnings is available from the Market Observation Post System on the website of the TWSE.

6.15 Revenue

	2024	2023
Revenue from sale of goods	\$ 2,149,746	\$ 2,246,021
Less: Sales returns and discounts	(252,932)	(238,007)
	<u>\$ 1,896,814</u>	<u>\$ 2,008,014</u>

6.16 Additional information of expenses by nature

	2024	2023
Depreciation and amortization		
Depreciation of property, plant and equipment	\$ 4,011	\$ 4,613
Depreciation of right-of-use assets	3,211	4,040
Amortization of intangible assets	1,033	1,668
	<u>\$ 8,255</u>	<u>\$ 10,321</u>
By function		
Cost of goods sold	\$ 2,570	\$ 2,881
Operating expenses	5,685	7,440
	<u>\$ 8,255</u>	<u>\$ 10,321</u>
Employee benefits expenses		
Post-employment benefits		
Defined contribution plans	\$ 6,569	\$ 7,204
Defined benefit plans	138	133
Salaries and bonuses	181,245	190,502
	<u>\$ 187,952</u>	<u>\$ 197,839</u>
By function		
Cost of goods sold	\$ –	\$ –
Operating expenses	187,952	197,839
	<u>\$ 187,952</u>	<u>\$ 197,839</u>

- (1) The Company shall allocate, in accordance with the Company's Articles of Incorporation, 5% to 10% and not higher than 2% of annual income before income tax during the period to employees' compensation and directors' and supervisors' remuneration, respectively. The estimated employees' compensation and the estimated directors' and supervisors' remuneration for 2024 and 2023 are as follows:

2024		2023	
Employees' compensation	directors' and supervisors' remuneration	Employees' compensation	directors' and supervisors' remuneration
<u>\$ 15,205</u>	<u>\$ 1,305</u>	<u>\$ 14,183</u>	<u>\$ 1,217</u>

If there is a change in the proposed amount after the annual financial statement are authorized for issue, the difference is recorded as a change in accounting estimate.

- (2) The employees' compensation and directors' and supervisors' remuneration for 2023 and 2022 were resolved by general shareholders' meeting on June 13, 2024 and June 16, 2023, respectively. The amounts recognized in the financial reports were as follows:

	2023		2022	
	Employees' compensation	directors' and supervisors' remuneration	Employees' compensation	directors' and supervisors' remuneration
Amount resolved to be distributed	\$ 14,183	\$ 1,217	\$ 15,352	\$ 1,317
Amount recognized in financial reports	14,183	1,217	15,352	1,317
Difference	\$ –	\$ –	\$ –	\$ –

- (a) The employees' compensation aforementioned is distributed in cash.
- (b) There is no difference between the aforementioned employees' compensation and directors' and supervisors' remuneration resolved by the general shareholders' meeting and the resolutions of the board of directors on February 26, 2024 and February 24, 2023, respectively.
- (3) Information on employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the meeting of Board of Directors is available from the Market Observation Post System on the website of the TWSE.

6.17 Income tax

- (1) Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	2024	2023
Current income tax expense		
Generated in the current year	\$ 36,932	\$ 36,705
Adjustments for prior periods	–	(7)
	36,932	36,698
Deferred tax		
Generated in the current year	–	–
Income tax expense recognized in profit or loss	\$ 36,932	\$ 36,698

- (2) A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follow:

	2024	2023
Income tax expense at the statutory rate	\$ 57,396	\$ 53,537
Effect from items disallowed by tax regulation	(21,591)	(20,340)
Over provision of prior year's income tax	—	(7)
Tax on undistributed earnings	1,127	3,508
Income tax expense	\$ 36,932	\$ 36,698

- (3) Current tax liabilities

	December 31, 2024	December 31, 2023
Income tax payable	\$ 16,517	\$ 18,184

- (4) The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority as of December 31, 2024.

6.18 Earnings per share

	2024	2023
Basic earnings per share:		
Net income from continuing operations	\$ 250,048	\$ 230,986
Less : dividends on preferred stock	—	—
Net income attributable to common shareholders	\$ 250,048	\$ 230,986
Weighted average number of shares outstanding for the period (in thousands)	63,234	63,234
Basic earnings per share, after tax (in dollars)	\$ 3.95	\$ 3.65

7. Related Party Transactions

7.1 Names of related parties and relationship categories

Names of related parties	Related Party Categories
Farcent Education Foundation (Hereinafter referred to as Farcent Foundation)	The chairman of the Company and the representative of the foundation are the same person
Farcent International (Samoa) Co., Ltd. (Hereinafter referred to as Farcent-Samoa)	Subsidiaries
Eutech International Co., Ltd. (Hereinafter referred to as Eutech)	Subsidiaries
Farcent Biotechnology International Enterprise Co., Ltd. (Hereinafter referred to as Farcent Biotechnology)	Subsidiaries (completed liquidation on March 13, 2023)
Dikai International Enterprise Co., Ltd. (Hereinafter referred to as Dikai)	Subsidiaries

Farcent International (Asia) Co., Ltd. (Hereinafter referred to as International (Asia))	Subsidiaries
Farcent Vina Co., Ltd. (Hereinafter referred to as Farcent Vina)	Subsidiaries
Farcent Malaysia Sdn. Bhd. (Hereinafter referred to as Farcent- Malaysia)	Subsidiaries
Farcent Group (Mauritius) Co., Ltd. (Hereinafter referred to as Farcent- Mauritius)	second-tier subsidiary
Farcent (Suzhou) Environmental Technology Co., Ltd. (Hereinafter referred to as Farcent (Suzhou))	second-tier subsidiary
Yang Lun (Shanghai) Trading Co., Ltd. (Hereinafter referred to as Yang Lun)	second-tier subsidiary
Dikai Holding Corp (Hereinafter referred to as Dikai Holding)	second-tier subsidiary
Farcent (Xiamen) Chemical Products For Daily Use Co., Ltd. (Hereinafter referred to a Farcent (Xiamen))	third-tier subsidiary
Xu Zhen (Taicang) E-Commerce Co., Ltd. (Hereinafter referred to a Farcent (Xu Zhen))	third-tier subsidiary
Dikai (Taicang) Enterprise Co., Ltd. (Hereinafter referred to a Dikai (Taicang))	third-tier subsidiary
Yi Te Industrial Co., Ltd. (Hereinafter referred to a Yi Te)	Related party in substance
Farcent Enterprise (Thailand) Ltd. (Hereinafter referred to Farcent-Thailand)	Associates
All directors, general manager and deputy general manager	Key management personnel

7.2 Operating transaction

(1) Sales

	Years Ended December 31	
	2024	2023
Associates	\$ 151,516	\$ 140,881
Subsidiaries	36,175	80,708
	<u>\$ 187,691</u>	<u>\$ 221,589</u>

There is no significant difference between the Company's sales conditions to related parties and general customers.

(2) Purchases

	Years Ended December 31	
	2024	2023
Subsidiaries		
Farcent (Suzhou)	\$ 301,550	\$ 268,229
Other	101,455	97,499
	<u>\$ 403,005</u>	<u>\$ 365,728</u>

There is no significant difference between the Company's purchase conditions from related parties and general suppliers.

(3) Processing fee

	Years Ended December 31	
	2024	2023
Subsidiaries	\$ 2,452	\$ 835
Related party in substance		
Yi Te	61,291	55,000
	<u>\$ 63,743</u>	<u>\$ 55,835</u>

The Company entrusts related parties to engage in product OEM matters. The OEM price and payment terms are negotiated, and there is no significant difference from ordinary manufacturers.

(4) Accounts receivable

	December 31, 2024	December 31, 2023
Subsidiaries	\$ 7,776	\$ 30,111
associates	20,939	28,402
	<u>\$ 28,715</u>	<u>\$ 58,513</u>

(5) Other receivables

	December 31, 2024	December 31, 2023
Related party in substance		
Yi Te	\$ 388	\$ 76

(6) Accounts payable

	December 31, 2024	December 31, 2023
Subsidiaries		
Farcent (Suzhou)	\$ 86,732	\$ 106,167
Other	18,323	26,619
Related party in substance	7,998	5,998
	<u>\$ 113,053</u>	<u>\$ 138,784</u>

(7) Loans to related parties

(a) Outstanding balance

	December 31, 2024	December 31, 2023
Subsidiaries		
Farcent-Malaysia	\$ 19,683	\$ 21,510

The Company's loans to related parties was presented as Other receivables.

(b) Interest income

	Years Ended December 31	
	2024	2023
Subsidiaries		
Farcent-Malaysia	\$ 574	\$ 1,024
Interest rate	3.75%	2.5%~5%

The interest rates for loans to related parties are close to market interest rates. As of December 31, 2024 and 2023, the interest income receivables of the Company were NT\$ 96 thousand and NT\$ 38 thousand, respectively, which was presented as Other receivables.

(8) Loans from related parties

(a) Outstanding balance

	December 31, 2024	December 31, 2023
Subsidiaries		
International (Asia)	\$ 32,805	\$ 30,728

The Company's loans from related parties were presented as Other payables.

(b) Interest expense

	Years Ended December 31	
	2024	2023
Subsidiaries		
Farcent-Samoa	\$ –	\$ 651
International (Asia)	1,126	198
	\$ 1,126	\$ 849
Interest rate	3.75%	3.7%~5%

The interest rates for loans from related parties are close to market interest rates. As of December 31, 2024 and 2023, the unpaid interest amounts of the Company were NT\$ 298 thousand and NT\$ 193 thousand, respectively, which was presented as Other payables.

(9) Rental income

	Years Ended December 31	
	2024	2023
Related party in substance		
Yi Te	\$ 709	\$ 854

As of December 31, 2024 and 2023, Rental income receivables were NT\$ 7 thousand and NT\$ 76 thousand, respectively, which was presented as Other receivables.

(10) Donations expenses

	Years Ended December 31	
	2024	2023
Farcent Foundation	\$ 1,536	\$ 1,536

As of December 31, 2024 and 2023, the Company has paid all the above payments in full.

(11) Commission expense

	Years Ended December 31	
	2024	2023
Subsidiaries	\$ 3,019	\$ 2,099

As of December 31, 2024 and 2023, the Company's outstanding balance (including tax) were NT\$ 744 thousand and NT\$ 545 thousand, respectively, which was presented as Other payables.

(12) Other

- (a) In 2024 and 2023, the Company signed an entrustment contract with Dikai to provide marketing management services entrusted by it, and the service income generated were NT\$ 4,350 thousand and NT\$ 6,400 thousand respectively, which was recorded as other income. As of December 31, 2024 and 2023, the Company has received all the above payments in full.
- (b) In 2024 and 2023, the Company sold inventories (raw materials, supplies and semi-finished products) of NT\$ 9,769 thousand and NT\$ 9,744 thousand to Farcent (Suzhou), which processed the finished goods and sold them to the Company. The sales revenue generated from this transaction is written off when presenting the financial statements, and the difference with the cost is NT\$ 770 thousand and NT\$ 657 thousand respectively, which was recorded as other income.

7.3 Key management compensation

The compensation to directors and other key management personnel were as follows:

	Years Ended December 31	
	2024	2023
Short-term employee benefits	\$ 39,011	\$ 41,718
Post-employment benefits	34	39
Other long-term benefits	—	—
Share-based payments	—	—

The compensation to directors and other key management personnel were determined by the Compensation Committee of the Company in accordance with the individual performance and the market trends.

8. Pledged Assets

As of December 31, 2024 and 2023, the Company provides assets as collaterals, and the book value and usage details are as follows:

	December 31, 2024	December 31, 2023	Purpose
Other financial assets -noncurrent	\$ 1,500	\$ 1,500	Import duty bond

The above-mentioned other financial assets-noncurrent which was presented as Other noncurrent assets.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments : None

10. Significant Disaster Losses: None

11. Significant Subsequent Events: None

12. Others

12.1 Capital risk management

The Company requires an adequate capital structure to enable expansion and enhancement of its plant and equipment. Therefore, the Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital asset purchases, research and development activities, dividend payments, debt service requirements and other business requirements associated with its existing operations over the next 12 months.

The Company is not subject to other external capital requirements.

12.2 Financial instruments

(1) Categories of financial instruments

	December 31, 2024	December 31, 2023
<u>Financial Assets</u>		
FVTPL:		
Financial Assets at fair value through profit or loss– current	\$ 64	\$ –
Financial assets at amortized cost (Note 1)	1,062,571	977,327
<u>Financial liabilities</u>		
FVTPL:		
Financial liabilities at fair value through profit or loss– current	–	1,028
Financial liabilities at amortized cost (Note 2)	453,816	514,209

Note 1: Including cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets and refundable deposits.

Note 2: Including accounts payable, other payables and lease liabilities.

(2) Fair value of financial instruments

(a) Financial instruments that are not measured at fair value

The management of the Company believes that the carrying amounts of financial assets and financial liabilities that are not measured at fair value in the parent company only financial statements approach their fair values.

(b) Financial instruments measured at fair value

The following table provides relevant analysis of financial instruments measured at fair value after original recognition. Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- (i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2024				
	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at FVTPL - current				
Foreign Exchange Swaps	\$ –	\$ 64	\$ –	64
December 31, 2023				
	Level 1	Level 2	Level 3	Total
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at FVTPL - current				
Forward exchange	\$ –	\$ 1,028	\$ –	1,028

The Company's financial assets and liabilities measured at fair value on a recurring basis have no transfer between the Level 1 and Level 2 fair value measurements from January 1 to December 31, 2024 and 2023.

(3) Financial risk management objectives and policies

The Company's financial risk management objective is to manage market risk, including foreign exchange risk and interest rate risk, credit risk and liquidity risk related to operating activities. In order to reduce related financial risks, the Company is committed to identifying, assessing and avoiding market uncertainties, so as to reduce the potential adverse impact of market changes on the Company's financial performance.

The Company's material financial activities are approved by the Board of Directors (and Audit Committee) in accordance with relevant requirements and internal control mechanism, which requires the Company to comply with its financial operating policies and procedures that provide guiding principles for the overall financial risk management and accountability and separation of duties.

(4) Market Risk

(a) Foreign exchange risk

The Company's business involves certain non-functional currencies. Therefore,

affected by exchange rate fluctuations, there is little difference between the spot exchange rate used in the end-of-period evaluation and the final listed exchange rate of the transaction bank. The foreign currency assets and liabilities with significant impact are as follows:

December 31, 2024					
	Foreign Currency		Exchange Rate		Book Value(NTD)
<u>Foreign currency assets</u>					
<u>Monetary items</u>					
USD	\$	4,936	32.8050	(USD:NTD)	\$ 161,921
RMB		17,425	4.4802	(RMB:NTD)	78,067
<u>Non-Monetary items</u>					
Investments in associates and joint ventures					
USD		12,725	32.8050	(USD:NTD)	417,447
THB		198,688	0.9651	(THB:NTD)	191,754
VND		5,518,012	0.0013	(VND:NTD)	7,713
MYR		4,765	7.3389	(MYR:NTD)	34,970
<u>Foreign currency liabilities</u>					
<u>Monetary items</u>					
USD		1,292	32.8050	(USD:NTD)	42,371
RMB		19,777	4.4802	(RMB:NTD)	88,607
December 31, 2023					
	Foreign Currency		Exchange Rate		Book Value(NTD)
<u>Foreign currency assets</u>					
<u>Monetary items</u>					
USD	\$	7,741	30.7280	(USD:NTD)	\$ 237,852
RMB		6,861	4.3267	(RMB:NTD)	29,685
<u>Non-Monetary items</u>					
Investments in associates and joint ventures					
USD		14,569	30.7280	(USD:NTD)	447,688
THB		189,482	0.9001	(THB:NTD)	170,553
VND		4,738,662	0.0013	(VND:NTD)	6,160
MYR		4,768	6.6978	(MYR:NTD)	31,932

Foreign currency liabilities

Monetary items

USD	1,346	30.728	(USD:NTD)	41,361
RMB	24,349	4.3267	(RMB:NTD)	105,349

Sensitivity analysis

The Company is mainly affected by fluctuations in the exchange rates of the USD, RMB, THB, VND and MYR.

The Company's exchange rate risk mainly comes from monetary assets and liabilities denominated in foreign currencies, and foreign currency exchange gains and losses are generated during translation. If the NTD changes by 1% relative to the relevant currency on the balance sheet date, the profit and loss will be affected as follows:

	December 31, 2024	December 31, 2023
The impact of a 1% change on profit and loss	\$ 1,090	\$ 1,208

The investment in equity financial commodities engaged in by the Company is affected by changes in market prices, but the Company has set a stop loss point, so it is expected that no significant market risk will occur.

(b) Interest rate risk

The Company's exposure to interest rate risk primarily arises from financial assets and financial liabilities. The carrying amounts of interest-bearing financial instruments held by the Company as of the reporting date were as follows:

	Carrying Amounts	
	December 31, 2024	December 31, 2023
Fair value interest rate risk		
Financial assets	\$ 555,507	\$ 564,882
Financial liabilities	(726)	(5,865)
Net amount	\$ 554,781	\$ 559,017
Cash flow interest rate risk		
Financial assets	\$ 193,849	\$ 380,568
Financial liabilities	—	(30,000)
Net amount	\$ 193,849	\$ 350,568

Sensitivity analysis for instruments with fair value interest rate risk:

The Company does not classify any fixed-rate financial assets and liabilities as FVTPL and FVTOCI. Derivative instruments (Foreign Exchange Swaps) are also not designated as hedging instruments under the fair value hedging accounting model. Therefore, changes in interest rates at the financial reporting date will not affect profit or loss and other comprehensive profit or loss.

Sensitivity analysis for instruments with cash flow interest rate risk:

The effective interest rates for the Company's floating interest rate financial instruments are susceptible to the market interest rate, affecting the Company's future cash flows. If the market interest rate increases/decreases by 1%, the Group's net income will increase/decrease NT\$ 1,938 thousand and NT\$ 3,506 thousand for 2024 and 2023, respectively.

(5) Credit risk

The Company's investment in equity financial products is conducted through centralized trading markets and Taipei Exchange, and it deals with counterparties with good credit. It is expected that the counterparties will not default, so the possibility of credit risk is extremely high Low.

The Company's credit risk amount on December 31, 2024 and 2023 is evaluated based on the contract whose fair value is a positive number on the balance sheet date; the maximum exposure amount of various financial products held by the Company is the same as its book value.

The Company does not significantly focus on transactions with a single customer or a single counterparty, but there are similar industrial types and local regions. In order to reduce the credit risk of accounts receivable, the Company continuously evaluates the financial status of customers, and when necessary, requires the other party to provide a guarantee or guarantee.

(6) Liquidity risk

The Company's working capital is sufficient, so there is no liquidity risk due to inability to raise funds to fulfill contractual obligations.

The financial assets that the Company invests in at fair value through profit or loss have active markets and it is expected that the financial assets can be easily and quickly sold in the market at prices close to their fair values.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

		December 31, 2024				
	Less Than 1 Year	2-3 Years	4-5 Years	More Than 5 Years	Total	
<u>Non-derivative financial assets</u>						
Accounts payable	\$ 229,386	\$ —	\$ —	\$ —	\$ 229,386	
Other payable	223,704	—	—	—	223,704	
Lease liabilities	420	217	89	—	726	
	<u>\$ 453,510</u>	<u>\$ 217</u>	<u>\$ 89</u>	<u>\$ —</u>	<u>\$ 453,816</u>	

	December 31, 2023				
	Less Than 1 Year	2-3 Years	4-5 Years	More Than 5 Years	Total
<u>Non-derivative financial assets</u>					
Accounts payable	\$ 294,197	\$ –	\$ –	\$ –	\$ 294,197
Other payable	216,278	–	–	–	216,278
Lease liabilities	3,211	439	84	–	3,734
	<u>\$ 513,686</u>	<u>\$ 439</u>	<u>\$ 84</u>	<u>\$ –</u>	<u>\$ 514,209</u>

(7) Risk Control and Hedging Strategies

The management of the Company regularly evaluates the risks arising from the operation of financial products and foreign currency-denominated assets or liabilities due to exchange rate fluctuations in order to maintain appropriate liquidity positions and control market risk, credit risk, liquidity risk and cash flow risk.

13. Supplementary Disclosures

13.1 Significant transactions information

The relevant information of the Company's significant transactions in 2024 is listed as follows:

- (1) Loans to others: Please see Table 1 attached;
- (2) Endorsements and guarantees provided to others: None;
- (3) Marketable securities held (excluding investments in subsidiaries and associates) at the end of the period: None;
- (4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
- (5) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None;
- (6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None;
- (7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Please see Table 4 attached;
- (8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
- (9) Information about the derivative financial instruments transaction: Please see Note 6.2;
- (10) The business relationship between the parent and the subsidiaries and significant transactions between them: Please see Table 5 attached;

13.2 Information on investees

The name, location, the main businesses, original investment amounts, shareholding status at the end of the period, income(losses) and share of profits(losses) of the investees (excluding investees in Mainland China) over which the Company exercises significant influence, control or joint control: Please see Table 2 attached.

13.3 Information on investment in mainland China

- (1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital,

percentage of ownership, income(losses) of the investee, share of profits(losses) of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 3 attached.

- (2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: Please see Table 5 attached.

13.4 Information on major shareholders

List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Please see Table 6 attached.

14. Segment Information

The Company has provided the operating segments disclosure in the consolidated financial statements, so the parent company only financial statements does not disclose information.

TABLE 1

Farcent Enterprise Co., Ltd.

Loans to Others

For the Year Ended December 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No (Note 1)	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance for the period	Ending balance	Amount actually drawn	Interest rate	Nature of loan	Transa ction Amou- nt	Reason for short-term financing	Recog- nized loss allowa- nce	Collateral		Limit on loans granted to a single party (Note3&4)	Ceiling on total loans granted (Note3&4)
													Item	Value		
0	Farcent Enterprise Co., Ltd.	Farcent Malaysia Sdn Bhd	Other receivables	Yes	\$ 65,610 (USD 2,000)	\$ 32,805 (USD 1,000)	\$ 19,683 (USD 600)	2.5%~ 3.75%	(Note2)	—	Operating capital	—	—	—	\$ 779,436	\$ 779,436
1	Farcent (xiamen) chemical products for daily use co., Ltd.	Yang Lun (Shanghai) Trading Co., Ltd.	Other receivables	Yes	\$ 22,401 (RMB 5,000)	\$ — (RMB —)	\$ — (RMB —)	4.35%	(Note2)	—	Operating capital	—	—	—	\$ 147,219 (RMB32,860)	\$ 147,219 (RMB32,860)
2	Farcent International (Asia) Co., Ltd.	Farcent Enterprise Co., Ltd.	Other receivables	Yes	\$ 65,607 (USD 2,000)	\$ 32,804 (USD 1,000)	\$ 32,804 (USD 1,000)	3.7%~ 3.75%	(Note2)	—	Operating capital	—	—	—	\$ 112,066 (THB116,119)	\$ 112,066 (THB116,119)

(Continued)

No (Note 1)	Creditor	Borrower	General ledger account	Relate dparty	Maximum outstanding balance for the period	Ending balance	Amount actually drawn	Interest rate	Nature of loan	Transa ction Amou- nt	Reason for short-term financing	Recog- nized loss allowa- nce	Collateral		Limit on loans granted to a single party (Note3)	Ceiling on total loans granted (Note3)
													Item	Value		
3	Farcent (Suzhou) Environmental Technology Co., Ltd.	Yang Lun (Shanghai) Trading Co., Ltd.	Other receivables	Yes	\$ 76,164 (RMB 17,000)	\$ 49,282 (RMB11,000)	\$ 49,282 (RMB11,000)	2.6%~ 3.55%	(Note2)	-	Operating capital	-	-	-	\$ 395,988 (RMB88,386)	\$ 395,988 (RMB88,386)

Note1: The description of the column number is as follows:

(1) Issuer fill in 0.

(2) Investees are numbered in order from number 1.

Note2: Necessary short-term financing facility.

Note3: The parent company to the 100% owned foreign subsidiary. : The amount that can be financing limits for each borrowing company is 40% of the lender' s net worth and the total amount that can be financing shall not exceed 40% of the lender' s net worth.

Note4: The 100% owned foreign subsidiary to the parent company.And the 100% owned foreign subsidiary to another 100% owned foreign subsidiary. : The amount that can be financing limits for each borrowing company is 100% of the lender' s net worth and the total amount that can be financing shall not exceed 100% of the lender's net worth.

TABLE 2

Farcent Enterprise Co., Ltd.
Information on Investees
For the Year Ended December 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Footnote
				December 31, 2024	December 31, 2023	Number of Shares	Percentage of Ownership	Carrying Value			
Farcent Enterprise Co., Ltd.	Farcent International (Samoa) Co., Ltd.	Samoa	Investment activities	\$ 120,347 (USD 3,578)	\$ 120,347 (USD 3,578)	3,577,882	100%	\$ 111,930	\$ (25,043)	\$ (24,926)	Subsidiary
Farcent Enterprise Co., Ltd.	Eutech International Co., Ltd.	Seychelles	Investment activities	\$ 260,314 (USD 8,538)	\$ 260,314 (USD 8,538)	854	100%	305,517	6,085	5,092	Subsidiary
Farcent Enterprise Co., Ltd.	Dikai International Enterprise Co., Ltd.	Taiwan	Manufacturing, Wholesale and Retail	\$ 307,173	\$ 307,173	12,007,021	75.119%	429,580	133,714	89,494	Subsidiary
Farcent Enterprise Co., Ltd.	Farcent Enterprise (Thailand) Ltd.	Thailand	Purchase and sale dehumidifier 、air freshener 、deodorizer 、Daily cleansing products and other plastic products	\$ 33,476 (THB36,978)	\$ 33,476 (THB36,978)	217,280	40%	124,346	24,603	9,841	Associate

(Continued)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Footnote
				December 31, 2024	December 31, 2023	Number of Shares	Percentage of Ownership	Carrying Value			
Farcent Enterprise Co., Ltd.	Farcent Vina Co., Ltd.	Vietnam	Purchase and sale Daily cleansing products, etc.	\$ 5,850 (USD 195)	\$ 5,850 (USD 195)	–	65%	\$ 7,174	\$ 1,216	\$ 790	Subsidiary
Farcent Enterprise Co., Ltd.	Farcent Malaysia SDN BHD	Malaysia	Purchase and sale Daily cleansing products, etc.	\$ 71,305 (MYR 9,397)	\$ 71,305 (MYR 9,397)	2,000,000	100%	34,970	\$ (283)	\$ (433)	Subsidiary
Farcent Enterprise Co., Ltd.	Farcent International (Asia) Co., Ltd.	Thailand	processing and manufacturing	\$ 55,050 (THB60,148)	\$ 55,050 (THB60,148)	601,480	60.148%	67,408	\$ 1,323	\$ 796	Subsidiary
Farcent (Suzhou) Environmental Technology Co., Ltd.	Farcent International (Asia) Co., Ltd.	Thailand	processing and manufacturing	RMB 7,896 (THB38,856)	RMB 7,896 (THB38,856)	388,557	38.8557%	42,752	\$ 1,323	\$ 514	Subsidiary
Farcent International (Samoa) Co., Ltd.	Farcent International (Asia) Co., Ltd.	Thailand	processing and manufacturing	USD 30 (THB 996)	USD 30 (THB 996)	9,963	0.9963%	1,117	\$ 1,323	\$ 13	Subsidiary
Farcent International (Samoa) Co., Ltd.	Farcent Group (Mauritius) Co., Ltd.	Mauritius	Investment activities	USD 3,193	USD 3,193	3,193,382	100%	149,586	\$ 5,079	Note 2	Sub-subsidiary

(Continued)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Footnote
				December 31, 2024	December 31, 2023	Number of Shares	Percentage of Ownership	Carrying Value			
Dikai International Enterprise Co., Ltd.	Dikai Holding Corp.	Samoa	Investment activities	\$ 31,225 (USD 1,000)	\$ 31,225 (USD 1,000)	1,000,000	100%	\$ 37,483	\$ 4,804	Note 2	Sub- subsidiary

Note1: Relevant information on investments in Mainland China, please refer to Table 3.

Note2: The share of profits/losses of the investee company is not reflected herein as such amount is already included in the share of profits/losses of the investor company.

TABLE 3

Farcent Enterprise Co., Ltd
Information on Investment in Mainland China
For the Year Ended December 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee in Mainland China	Main business activities	Total Amount of Paid-in Capital	Investment method	Accumulated Outflow of Investment from Taiwan as of January 1, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2024	Net Income (Losses) of the Investee	Ownership held by the Company (direct or indirect) (%)	Share of Profits / Losses (Note 3)	Carrying Amount as of December 31, 2024	Accumulated Inward Remittance of Earnings as of December 31, 2024
					Outflow	Inflow						
Farcent (xiamen) chemical products for daily use co., Ltd.	processing, manufacturing Indoor and car fragrances, dehumidifier, insect repellent and detergent, etc.	USD 3,300	(Note 1)	\$ 106,958 (USD 3,193)	\$ -	\$ -	\$ 106,958 (USD 3,193)	\$ 5,082	100%	\$ 5,082	\$ 149,573	\$ 9,266 (USD 283)
Farcent (Suzhou) Environmental Technology Co., Ltd.	processing, manufacturing dehumidifier, air freshener, deodorizer, Daily cleansing products and other plastic products	USD 11,250	(Note 1)	\$ 260,081 (USD 8,530)	\$ -	\$ -	\$ 260,081 (USD 8,530)	\$ 7,605	100%	\$ 7,605	\$ 395,988	\$ 18,542 (USD 572)

(Continued)

Investee in Mainland China	Main business activities	Total Amount of Paid-in Capital	Investment method	Accumulated Outflow of Investment from Taiwan as of January 1, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2024	Net Income (Losses) of the Investee	Ownership held by the Company (direct or indirect) (%)	Share of Profits / Losses (Note 3)	Carrying Amount as of December 31, 2024	Accumulated Inward Remittance of Earnings as of December 31, 2024
					Outflow	Inflow						
Yang Lun (Shanghai) Trading Co., Ltd.	Purchase and sale dehumidifier, air freshener, deodorizer, Daily cleansing products and other plastic products	USD 700	(Note 1)	\$ -	\$ -	\$ -	\$ -	\$ (30,176)	100%	\$ (30,176)	\$ (46,534)	\$ 36,433 (USD 1,170)
Dikai (Taicang) Enterprise Co., Ltd.	Processing and manufacturing of plastic box, plastic vessel, plastic parts, daily plastic products	USD 1,000	(Note 1)	\$ -	\$ -	\$ -	\$ -	\$ 4,802	75.119%	\$ 3,607	\$ 37,721	\$ 37,752 (USD 1,274)
Xu Zhen (Taicang) E-Commerce Co., Ltd.	Purchase and sale dehumidifier, air freshener, deodorizer, Daily cleansing products and other plastic products	USD 2,000	(Note 2)	\$ -	\$ -	\$ -	\$ -	\$ (4,782)	100%	\$ (4,782)	\$ 3,681	\$ -

(Continued)

Note1: Indirect investment in Mainland China through a Subsidiary in a third place.

Note2: Indirect investment in Mainland China through a Mainland China.

Note3: Recognized based on the financial statements audited by the auditors of the parent company in Taiwan.

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 367,039 (USD 11,723)	\$ 401,015 (USD 12,893)	\$ 1,169,153

TABLE 4

Farcent Enterprise Co., Ltd.

Purchases from or Sales to Related Parties of at Least NT\$100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Purchaser/ seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percenta- ge of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Farcent Enterprise Co., Ltd.	Farcent Enterprise (Thailand) Ltd.	Associate	Sales	\$ 151,516	8%	Closing on the 25th of the current month, 45 days for ticket/remittance	(Note1)	Normal	\$ 20,939	7%	
Farcent Enterprise Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd.	Subsidiary	Purchases	\$ 301,550	34%	Closing on the 30th of the current month, 60 days for ticket/remittance	(Note2)	Normal	\$ (86,732)	38%	

Note1: Under normal salest terms.

Note2: The price of purchase is set by using cost-plus pricing.

TABLE 5

Farcent Enterprise Co., Ltd.
Intercompany Relationship and Significant Intercompany Transactions
For the Year Ended December 31, 2024
(Amounts in Thousands of New Taiwan Dollars)

Number (Note1)	Company name	Counterparty	Relationship (Note2)	Transaction			
				General ledger account	Amount (Note4)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note3)
0	Farcent Enterprise Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd	1	Net Purchase	301,550	purchase price according to cost-plus pricing	11.94%
0	Farcent Enterprise Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd	1	Accounts payable	86,732	Under normal payment terms	3.31%
0	Farcent Enterprise Co., Ltd.	Dikai International Enterprise Co., Ltd.	1	Net Purchase	82,606	purchase price according to cost-plus pricing	3.27%
0	Farcent Enterprise Co., Ltd.	Farcent International (Asia) Co., Ltd.	1	Other payable	33,103	Under normal loan terms	1.26%

(Continued)

Number (Note1)	Company name	Counterparty	Relationship (Note2)	Transaction			
				General ledger account	Amount (Note4)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note3)
1	Yang Lun (Shanghai) Trading Co., Ltd	Farcent (Suzhou) Environmental Technology Co., Ltd	3	Net Purchase	61,840	purchase price according to cost-plus pricing	2.45%
1	Yang Lun (Shanghai) Trading Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd.	3	Other payable	50,124	Under normal loan terms	1.91%

Note1: The information of transactions between the Company and the consolidated subsidiaries should be noted in “Number” column. The number means:

- (1) Number 0 represents the Company.
- (2) The consolidated subsidiaries are numbered in order from number 1.

Note2: The relationship between transaction company and counterparty is classified into one of the following three categories:

- (1) The Company to the consolidated subsidiary.
- (2) The consolidated subsidiary to the Company.
- (3) The consolidated subsidiary to another consolidated subsidiary

Note3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note4: Had been eliminated when preparing consolidated financial statements

TABLE 6

Farcent Enterprise Co., Ltd.
Information on Major Shareholders
For the Year Ended December 31, 2024

Unit: Shares

Shares	Numbers of Shares	Percentage of ownership
Major shareholders		
Tsai, Hsin-Hsin	10,408,322	16.46%
Shi Da Investment Co., Ltd	5,764,495	9.11%
Yu Te Investment Co., Ltd	4,362,955	6.89%
Wang Chia Yu	4,104,016	6.49%
Wang Ying Ting	3,974,623	6.28%

Farcent Enterprise Co., Ltd.
Statement Of Cash And Cash Equivalents
December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand	Cash on hand and petty cash	\$ 150
Checking deposits		550
Demand deposits	NTD	146,832
	USD 1,130 thousand,@32.8050	37,055
	Other currencies	9,198
	Subtotal	193,085
Time deposits	NTD	100,000
	USD 2,100 thousand,@32.8050	68,891
	RMB 14,700 thousand,@4.4802	65,858
	Subtotal	234,749
Repurchase agreements		319,258
Total		\$ 747,792

Farcent Enterprise Co., Ltd.

Statement of Financial Assets at Fair Value Through Profit or Loss-Current

December 31, 2024

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Financial Instruments	Description	Units	Par value	Amount	Interest Rate	Acquisition Cost	Fair Value		Changes in fair value attributable to changes in credit risk	Note
							unit price	Amount		
Foreign exchange swaps	Foreign exchange swaps – sell NTD and purchase RMB dollars - Adjustments for change in value	–	–	–	–	–	–	\$ 64		

Farcent Enterprise Co., Ltd.
Statement of Notes Receivable, Net
December 31, 2024

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
<u>Trade note receivables</u>		
Client A	Sales to non-related parties	\$ 360
Client B	Sales to non-related parties	129
Client C	Sales to non-related parties	101
Other (Note)	Sales to non-related parties	1,283
Subtotal		1,873
Less: Allowance for doubtful debts		—
Note receivables, Net		<u>\$ 1,873</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

Farcent Enterprise Co., Ltd.
Statement of Accounts Receivable, Net
December 31, 2024

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
<u>Trade receivables-non-related parties</u>		
Client A	Sales to non-related parties	\$ 82,671
Client B	Sales to non-related parties	57,101
Client C	Sales to non-related parties	25,117
Client D	Sales to non-related parties	21,125
Client E	Sales to non-related parties	16,377
Other (Note)	Sales to non-related parties	61,244
Subtotal		263,635
Less: Allowance for doubtful debts		(2,522)
Net amount		261,113
<u>Trade receivables-related parties</u>		
Farcent Enterprise (Thailand) Ltd.	Sales to related parties	20,939
Farcent Malaysia Sdn. Bhd.	Sales to related parties	3,317
Farcent (Suzhou) Environmental Technology Co., Ltd.	Sales to related parties and provide material for processing	3,041
Other (Note)	Sales to related parties	1,418
Subtotal		28,715
Total		\$ 289,828

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

Farcent Enterprise Co., Ltd.

Statement of Other Receivables

December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Loans provided to related parties	Short-term loans provided to Farcent Malaysia Sdn. Bhd.	\$ 19,779
Other (Note)		948
		<u>\$ 20,727</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

Farcent Enterprise Co., Ltd.

Statement of Inventories

December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Description	Cost	Net Realizable Value	Note
Merchandise inventory	Mops and kitchen utensils, etc.	\$ 5,882	\$ 7,230	Appropriate loss allowance has been recognized for Sluggish and non-performing inventory.
Raw materials	Flavor, calcium chloride, emulsifier, etc.	15,557	15,053	
Supplies	Plastic box (bottle), carton and shrink film, etc.	18,116	17,803	
Semi-finished goods	Fragrance, deodorant, etc.	3,094	3,094	
Finished goods	Fragrances, dehumidifiers, cleaners and dust mops, etc.	179,822	305,609	
		222,471	\$ 348,789	
Less : Allowance for inventory valuation losses		(5,792)		
Net Amount		\$ 216,679		

Farcent Enterprise Co., Ltd.

Statement of Prepayments

December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Prepayments to suppliers	Payments in advance to suppliers	\$ 8,558
Other prepaid expenses	Prepayment of new product trial sales expenses, etc.	4,936
Prepaid expenses	Prepaid system maintenance fee and consultant fee, etc.	1,102
Total		<u>\$ 14,596</u>

Farcent Enterprise Co., Ltd.
Statement of Other Current Assets
December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Temporary payments	Import taxes, etc.	\$ 2,996
Payment on behalf of others	Manufacturer withholding payment, etc.	256
Other financial assets	Advance payments on behalf of employees	56
		\$ 3,308

Farcent Enterprise Co., Ltd.
Statement of Changes in Investments Accounted for Using Equity Method
For the Year ended December 31, 2024

Investees	(In Thousands of New Taiwan Dollars; In Thousands of Shares)												
	Balance, January 1		Additions		Decrease		Share of profit (loss) of the investments accounted for using the equity method	Balance, December 31			Net Assets Value/ Fair Value		
	Shares	Amount	Shares	Amount (Note 1)	Shares	Amount (Note 2)		Shares	%	Amount	Unit price	Total Amount	Collateral
Eutech International Co., Ltd.	0.85	\$ 307,233	–	\$ 11,785	–	\$ (18,593)	\$ 5,092	0.85	100%	\$ 305,517	359,431.76	\$ 305,517	None
Dikai International Enterprise Co., Ltd.	12,007	414,640	–	1,090	–	(75,644)	89,494	12,007	75.119%	429,580	35.78	429,580	None
Farcent International (Samoa) Co., Ltd.	3,578	140,455	–	5,667	–	(9,266)	(24,926)	3,578	100%	111,930	31.28	111,930	None
Farcent International (Asia) Co., Ltd.	601	62,081	–	4,532	–	–	795	601	60.148%	67,408	112.16	67,408	None
Farcent Enterprise (Thailand) Ltd.	217	108,472	–	7,473	–	(1,440)	9,841	217	40%	124,346	573.02	124,346	None
Farcent Vina Co., Ltd.	–	6,160	–	224	–	–	790	–	65%	7,174	(Note 3)	7,174	None
Farcent Malaysia SDN BHD	2,000	31,932	–	3,471	–	–	(433)	2,000	100%	34,970	17.49	34,970	None
Total		<u>\$ 1,070,973</u>		<u>\$ 34,242</u>		<u>\$ (104,943)</u>	<u>\$ 80,653</u>			<u>\$ 1,080,925</u>		<u>\$ 1,080,925</u>	

Note 1 : Exchange differences arising on the retranslation of foreign financial statements.

Note 2 : Cash dividends received

Note 3 : Limited company.

Farcent Enterprise Co., Ltd.
Statement of Other Noncurrent Assets

December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Other financial assets- noncurrent	Performance bond and housing deposit, etc.	\$ 1,500
Refundable deposits	Time deposits pledged as performance guarantees and surety bond for imports	795
Overdue Receivables	Overdue receivables	2,132
Less : Allowance for Bad Debts- Overdue Receivables		(2,132)
		<u>\$ 2,295</u>

Farcent Enterprise Co., Ltd.**Statement of Accounts Payable****December 31, 2024****(In Thousands of New Taiwan Dollars)**

Vendor Name	Description	Amount
<u>Trade payables-non-related parties</u>		
Vendor A	Operating expenditures to non-related parties	\$ 11,074
Vendor B	Operating expenditures to non-related parties	10,305
Vendor C	Operating expenditures to non-related parties	7,867
Vendor D	Operating expenditures to non-related parties	6,436
Vendor E	Operating expenditures to non-related parties	6,263
Others (Note)	Operating expenditures to non-related parties	74,388
Subtotal		116,333
<u>Trade payables-related parties</u>		
Farcent (Suzhou) Environmental Technology Co., Ltd.	Operating expenditures to related parties	86,732
Dikai International Enterprise Co., Ltd	Operating expenditures to related parties	14,186
Yi Te Industrial Co., Ltd.	Operating expenditures to related parties	7,998
Others (Note)	Operating expenditures to related parties	4,137
Subtotal		113,053
Total		\$ 229,386

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

Farcent Enterprise Co., Ltd.**Statement of Other Payables****December 31, 2024****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Salary payable	Accrued expenses of salary and bonus	\$ 50,141
Freight payable	Accrued expenses of delivery fees	48,468
Advertising fee payable	Accrued expenses of media and channel Advertising	28,993
Merchandising fee payable	Accrued expenses of Merchandising fees for department stores, supermarket and distributors	19,658
Loans	Short-term loans from Farcent-Samoa	33,103
Others (Note)		43,341
Total		<u>\$ 223,704</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

Farcent Enterprise Co., Ltd.
Statement of Operating Revenue
For the Year Ended December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Quantity	Amount
Household Detergent Series	14,037	\$ 862,871
Air Freshener Series	14,218	641,573
Dehumidifier Series	7,225	364,015
Others (Note)	3,188	281,287
		2,149,746
Less: Sales return		(37,323)
Sales discount and allowance		(215,609)
Net revenue		\$ 1,896,814

Note: The amount of each item in others does not exceed 10% of the account balance.

Farcent Enterprise Co., Ltd.
Statement of Operating Cost
For the Year Ended December 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Amount
Merchandise	
Balance, beginning of year	\$ 106,157
Add: Inventory purchased	70,139
Inventory, end of year	(5,882)
Less: Scrapped on inventory	(1,543)
Loss on inventory	(137)
Other	(320)
Transferred to operating expense	(1,825)
Cost of merchandise sold	<u>166,589</u>
Raw materials used:	
Balance, beginning of year	14,500
Add: Raw material purchased	159,588
Gain on Raw material	781
Raw materials, end of year	(15,557)
Less: Raw materials for sale	(8,127)
Scrapped on Raw materials	(156)
Other	(4)
Transferred to operating expenses	(917)
Subtotal	<u>150,108</u>
Supplies used :	
Balance, beginning of year	20,312
Add: Supplies purchased	193,071
Gains on supplies	403
Supplies, end of year	(18,116)
Less: Supplies for sale	(3,413)
Scrapped on material	(1,135)
Other	(55)
Transferred to operating expenses	<u>(2,232)</u>

(Continued)

Subtotal	188,835
Manufacturing expenses	165,190
Manufacturing cost	504,133
Semi-finished goods, beginning of year	3,900
Add: Semi-finished purchased	19,714
Gain on Semi-finished	11
Semi-finished, end of year	(3,094)
Less: Semi-finished for sale	(4,256)
Scrapped on Semi-finished	(329)
Other	(3)
Transferred to operating expenses	(31)
Subtotal	15,912
Cost of finished goods	520,045
Finished goods, beginning of year	178,446
Add: Finished goods purchased	436,492
Finished goods, end of year	(179,822)
Less: Scrapped on Finished goods	(14,253)
Loss on Finished goods	(1,410)
Other	(2,928)
Transferred to operating expenses	(14,163)
Cost of Goods Sold of Self-made Product	922,407
Cost of goods sold for raw materials 、supplies and semi-finished,	15,796
Gains on physical inventory	352
Loss on scrapped inventory	17,416
Gains on reversal in market value of inventory	(53,805)
Total Operating Costs	\$ 1,068,755

Farcent Enterprise Co., Ltd.
Statement of Manufacturing Expenses
For the Year Ended December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Processing fee		\$ 162,620
Depreciation		2,570
Total		\$ 165,190

Farcent Enterprise Co., Ltd.
Statement of Operating Expenses
For the Year Ended December 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Marketing expenses	General and administrative expenses	Research and development expenses	Total
Payroll expense	\$ 97,652	\$ 57,336	\$ 10,457	\$ 165,445
Rent expense	1,669	42	–	1,711
Supplies expense	481	366	14	861
Travelling expense	5,187	1,042	249	6,478
Shipping expenses	149,266	11,869	90	161,225
Postage expenses	201	778	12	991
Repair and Maintenance expense	1,731	583	54	2,368
Advertisement expense	129,009	–	–	129,009
Utilities expense	740	459	118	1,317
Insurance expense	9,209	3,862	986	14,057
Entertainment expense	488	948	51	1,487
Donation expense	1,144	2,370	–	3,514
Taxes	139	38	9	186
Depreciation	1,049	3,265	338	4,652
Amortization	488	480	65	1,033
Meal expenses	3,111	1,337	386	4,834
Employee benefits	2,053	919	253	3,225
Commission expense	5,384	–	–	5,384
Material expense	–	–	138	138
Commissioned research expense	–	–	365	365
Training expense	1,101	715	45	1,861
Other expenses	119,176	19,110	515	138,801
Total	\$ 529,278	\$ 105,519	\$ 14,145	\$ 648,942

Farcent Enterprise Co., Ltd.

Statement of Employee benefits, Depreciation and Amortization Expenses by function

For the Year Ended December 31, 2024 and 2023

	(In Thousands of New Taiwan Dollars)					
	Year Ended December 31, 2024			Year Ended December 31, 2023		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Labor cost						
Wages and salaries	\$ –	\$ 155,698	\$ 155,698	\$ –	\$ 165,496	\$ 165,496
Labor and health insurance expenses	–	12,587	12,587	–	13,951	13,951
Pension costs	–	6,707	6,707	–	7,337	7,337
Directors' remuneration	–	3,040	3,040	–	2,557	2,557
Others expenses	–	9,920	9,920	–	8,498	8,498
	<u>\$ –</u>	<u>\$ 187,952</u>	<u>\$ 187,952</u>	<u>\$ –</u>	<u>\$ 197,839</u>	<u>\$ 197,839</u>
Depreciation	\$ 2,570	\$ 4,652	\$ 7,222	\$ 2,881	\$ 5,772	\$ 8,653
Amortization	\$ –	\$ 1,033	\$ 1,033	\$ –	\$ 1,668	\$ 1,668

Note 1: For the year ended December 31, 2024 and 2023, the average numbers of employees of the Company were 143 and 158 employees, respectively. There were both 4 non-employee directors.

Note 2: The average employee benefit expenses per employee were NT\$ 1,293 thousand and 1,268 thousand, respectively, for the years ended December 31, 2024 and 2023.

Note 3: The average wages and salaries per employee were NT\$ 1,089 thousand and 1,075 thousand, respectively, for the years ended December 31, 2024 and 2023.

Note 4: The average wages and salaries decreased by 1% year over year.

Note 5: The independent directors' remuneration for the years ended December 31, 2024 and 2023 were NT\$ 1,525 thousand and 1,130 thousand, respectively.

Note 6: The policies on the salaries and remunerations of the Company are as follows (including directors, supervisors, managers and employees):

- (1) The remuneration of the directors of the Company is determined in consideration of their participation in the Company's operations and contribution value, and is negotiated in accordance with the usual level of payment in the industry. The remuneration of directors shall be provided in accordance with the provisions of the Company's articles of Incorporation, and reasonable remuneration shall be given based on the contribution of individual directors to the Company's operating performance. However, independent directors no longer participate in the distribution of annual director surplus remuneration.
- (2) The amount of remuneration for managers and employees is determined by taking into account personal learning experience, professional skills, the value of the position held, and the salary level of the same industry. Employee remuneration is provided in accordance with the Company's articles of Incorporation, and is based on the target achievement rate set by the rule of employee performance management and considering its contribution to the Company's operations.
- (3) The Company's remuneration policy for directors and managers follows the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange", and it is reviewed by the Salary and Compensation Committee then submitted to the Board of Directors for approval.