

Tex Year Industries Inc.

Individual Financial Statements and
Independent Auditor's Review Report

2024 and 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT

To: Tex Year Industries Inc.

Audit Opinion

We have duly audited the individual balance sheet of Tex Year Industries Inc. as of December 31, 2024 and 2023, and the individual comprehensive income statement, individual statement of changes in equity and individual cash flow statement from January 1 to December 31, 2024 and 2023, as well as notes to the individual financial statements (including the summary of significant accounting policies).

In our opinion, based on our audits and the reports of the other auditors (see Other Matters), the individual financial statements referred to above have been prepared, in all material respects, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. They are fairly stated in terms of the individual financial position of Tex Year Industries Inc. as of December 31, 2024 and 2023, and the individual financial performance and individual cash flows for 2024 and 2023 from January 1 to December 31.

Basis of Audit Opinion

We conducted the audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant and the Generally Accepted Auditing Standards. Our responsibility under these standards will be further explained in the paragraph of our responsibility to review the individual financial statements. The staff of the firm to which we are affiliated, who are subject to the independence regulation, have maintained superior independence from Tex Year in accordance with the Code of Ethics for Accountants, and have fulfilled other responsibilities under the Code. We believe that we have obtained sufficient and appropriate audit evidence to form the basis of our audit opinion.

Key Audit Matters

A key audit matter is one that, in our professional judgment, is material to the examination of the individual financial statements of Tex Year Industries Inc. for 2024. These matters have been considered in the process of examining the individual financial statements taken as a whole and forming an opinion thereon, and we do not express an opinion on these matters individually.

The key audit matters of the financial statements of Tex Year Industries Inc. for 2024 are summarized as follows:

Authenticity of sales revenue

The sales revenue of Tex Year Industries Inc. from selling products to specific customers in 2024 increased compared to the same period last year, which has a significant impact on the individual financial report's sales revenue and financial performance of Tex Year Industries Inc.; therefore the authenticity of recognition of the sales revenue is listed as a key audit matter.

For the accounting policies and relevant disclosure information related to sales revenue, please refer to notes 4 (13) and 24 to the individual financial report.

Our audit procedures for assessing the authenticity of the sales revenue in the course of the audit are as follows:

1. Understand and test the effectiveness of the design and implementation of the internal control system related to the authenticity of sales revenue.
2. Obtain on a sample basis the transaction documents of the aforementioned sales revenue, including sales orders, shipping documents and collection documents, to verify the authenticity of the sales revenue recognized.

Other Matters

The individual financial statements of Tex Year Enterprises, Inc. and its subsidiaries, certain subsidiaries and investment companies using the equity method have not been audited by us, but by other auditors. Accordingly, our opinion on the financial statements referred to above is based on our review of the amounts and disclosures in the notes to the financial statements of certain investees in respect of investments accounted for using the equity method. For these investments using the equity method, the balances of December 31, 2024 and 2023 were NT\$285,501 thousand and NT\$267,039 thousand respectively, representing 11% of the total assets, respectively. From January 1 to December 31, 2024 and 2023, the share of joint venture profit and loss recognized using the equity method was a profit of NT\$19,884 thousand and a loss of NT\$16,952 thousand, respectively, accounting for 12% and (18%) of the net profit before tax, respectively.

Responsibility of Management and Governance Unit to Individual Financial Statements

Management's responsibility is to prepare fairly presented financial statements in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and to maintain such internal control relevant to the preparation of financial statements as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual financial statements, management's responsibility also includes assessing Tex Year Industries Inc. ability to continue as a going concern, the disclosure of related matters, and the adoption of the going concern basis of accounting, unless management intends to liquidate Tex Year Industries Inc. or cease operations, or there is no practical alternative to liquidation or cessation of operations.

The governance unit (the audit committee) of Tex Year Industries Inc. is responsible for overseeing the financial reporting process.

Responsibility of Accountants Auditing Individual Financial Statements

The purpose of our audit is to obtain reasonable assurance about whether the individual financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue a report thereon. Reasonable assurance refers to high assurance. However, an audit performed in accordance with generally accepted auditing standards does not provide assurance that material misstatements in the individual financial statements will be detected.

Misrepresentation may be the result of fraud or error. Individual amounts or aggregates that are not true are considered material if they could reasonably be expected to affect the economic decisions made by users of the individual financial statements.

We conducted our audit in accordance with generally accepted auditing standards, exercising our professional judgment and maintaining our professional skepticism. We also perform the following tasks.

1. Identify and assess the risks of material misstatement of the individual financial statements arising from fraud or error; design and implement appropriate responses to the risks assessed; and obtain sufficient and appropriate evidence to provide a basis for an audit opinion. Because fraud may involve conspiracy, forgery, intentional omission, misrepresentation or a breach of internal control, the risk of not detecting material misstatement due to fraud is higher than that due to error.
2. We obtained an understanding of the internal control relevant to our 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 Tex Year Industries Inc. internal control.
3. Evaluate the appropriateness of the accounting policies used by management and the reasonableness of the accounting estimates and related disclosures made by management.
4. Based on the evidence obtained, we have made a conclusion on the appropriateness of management's adoption of the going concern basis of accounting and whether there is any material uncertainty about the events or circumstances that may cast significant doubt on the ability of Tex Year Industries Inc. to continue as a going concern. If we believe that there is a material uncertainty about such events or conditions, we should draw the attention of users of the individual financial statements to the relevant disclosures in the audit report or revise our audit opinion if such disclosures are inappropriate. Our conclusion is based on the audit evidence obtained up to the date of the audit report. However, future events or circumstances may cause Tex Year Industries Inc. to cease to have the ability to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes, and whether the individual financial statements present fairly the related transactions and events.

6. We obtained sufficient and appropriate audit evidence on the financial information of the constituent entities of the Group to express an opinion on the individual financial statements. We are responsible for the direction, supervision and execution of the Company's audits, and for forming an opinion on the Company's audits.

We will communicate with the governance unit regarding the scope and timing of the planned audit and significant audit findings, including significant deficiencies in internal control identified during the audit.

We also provide the governing body with a statement that the independence-regulated personnel of the firm to which we are affiliated have complied with the Code of Ethics for Accountants with respect to independence, and communicate with the governing body about all relationships and other matters (including related safeguards) that may be considered to affect the accountant's independence.

From the matters communicated with the governance unit, we decided on the key audit matters for the audit of the annual individual financial statements of Tex Year Industries Inc. for 2024. We identified those matters in our auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, where we decided not to communicate those matters in our auditor's report because the negative effect of such communication could reasonably be expected to outweigh the public interest that would be served.

he engagement partners on the reviews resulting in this independent auditors' review report are Tsai, Yu-Ling and Chuang, Pi-Yu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2025

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

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

Tex Year Industries Inc.
Individual Balance Sheet
December 31, 2024 and 2023

Unit: NT\$ Thousand

Code	Asset	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (notes 3, 4 and 6)	\$ 215,594	8	\$ 233,610	9
1150	Notes receivable, net (notes 4, 5 and 10)	8,982	-	14,549	1
1170	Accounts receivable, net (notes 4, 5 and 10)	151,910	6	155,429	6
1180	Accounts receivable due from related parties, net (notes 4, 5, 10 and 31)	95,139	4	94,877	4
1200	Other receivables (notes 4 and 10)	5,636	-	3,989	-
1210	Other receivables - related parties (notes 4, 10 and 31)	57,643	2	34,273	1
130X	Current inventories (notes 4, 5 and 11)	172,517	7	167,742	7
1470	Other current assets (note 16)	10,605	-	8,599	-
11XX	Total current assets	<u>718,026</u>	<u>27</u>	<u>713,068</u>	<u>28</u>
	Non-current assets				
1510	Non-current Financial assets at fair value through profit or loss (notes 4 and 7)	37,791	1	23,476	1
1535	Financial assets measured at cost after amortization - non-current (notes 4, 9 and 32)	39,425	2	40,000	2
1550	Investment under the equity method (note 4, 5 and 12)	1,354,395	50	1,201,596	47
1600	Property, plant and equipment (notes 4, 13 and 32)	496,586	19	513,378	20
1755	Right-of-use assets (notes 4 and 14)	3,148	-	2,506	-
1780	Other intangible assets, net (notes 4 and 15)	10,017	-	7,834	-
1840	Deferred tax assets (notes 4 and 26)	17,724	1	28,609	1
1990	Other non-current assets, others (note 10 and 16)	12,192	-	8,891	1
15XX	Total non-current assets	<u>1,971,278</u>	<u>73</u>	<u>1,826,290</u>	<u>72</u>
1XXX	Total assets	<u>\$ 2,689,304</u>	<u>100</u>	<u>\$ 2,539,358</u>	<u>100</u>
Code	Liabilities and equities				
	Current liabilities				
2100	Short-term borrowings (notes 17 and 32)	\$ 496,000	19	\$ 388,000	15
2150	Notes payable (note 19)	693	-	-	-
2170	Accounts payable (note 19)	116,405	4	126,039	5
2180	Accounts payable to related parties (notes 19 and 31)	31,484	1	28,719	1
2200	Other payables (notes 20 and 31)	118,771	4	101,733	4
2230	Current tax liabilities (notes 4 and 26)	14,493	1	25,350	1
2280	Current lease liabilities (notes 4 and 14)	1,556	-	1,053	-
2320	Long-term borrowings and corporate bonds payable - current portion (notes 17, 18 and 32)	31,077	1	195,945	8
2399	Other current liabilities, others (note 20)	32,527	1	54,444	2
21XX	Total current liabilities	<u>843,006</u>	<u>31</u>	<u>921,283</u>	<u>36</u>
	Non-current liabilities				
2540	Long-term borrowings (notes 17 and 32)	119,876	4	157,506	6
2570	Deferred tax liabilities (notes 4 and 26)	56,101	2	73,973	3
2580	Non-current lease liabilities (notes 4 and 14)	1,585	-	1,385	-
2640	Net defined benefit liability, non-current (notes 4 and 22)	12,781	1	23,422	1
2670	Other non-current liabilities	88	-	112	-
25XX	Total non-current liabilities	<u>190,431</u>	<u>7</u>	<u>256,398</u>	<u>10</u>
2XXX	Total Liabilities	<u>1,033,437</u>	<u>38</u>	<u>1,177,681</u>	<u>46</u>
	Equity (notes 4, 8, 18, 22, 23 and 26)				
3100	Share capital - ordinary share	1,145,160	43	1,037,563	41
3200	Capital surplus	124,374	5	80,767	3
	Retained earnings				
3310	Legal reserve	145,746	5	138,235	6
3320	Special reserve	99,396	4	97,894	4
3350	Unappropriated retained earnings	207,222	8	106,614	4
3300	Total retained earnings	<u>452,364</u>	<u>17</u>	<u>342,743</u>	<u>14</u>
	Other equity interest				
3410	Exchange differences on translation of foreign financial statements	(53,445)	(2)	(86,810)	(3)
3420	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	(12,586)	(1)	(12,586)	(1)
3400	Total other equity interest	(66,031)	(3)	(99,396)	(4)
3XXX	Total equity	<u>1,655,867</u>	<u>62</u>	<u>1,361,677</u>	<u>54</u>
	Total liabilities and equity	<u>\$ 2,689,304</u>	<u>100</u>	<u>\$ 2,539,358</u>	<u>100</u>

The accompanying notes are an integral part of the individual financial statements.
(please refer to the audit report of Deloitte & Touche Taiwan dated March 12, 2025)

Chairman: Hsiao, Hsiang-Chih

President: Hsiao, Hsiang-Chih

Accounting Manager: Kao, Chih-Wen

Tex Year Industries Inc.
Individual Statement of Comprehensive Income
January 1 to December 31, 2024 and 2023

In thousand of New Taiwan Dollars,
Except earnings per share.

Code		2024		2023	
		Amount	%	Amount	%
4000	Net operating income (notes 4, 24 and 31)	\$ 1,316,899	100	\$ 1,258,549	100
	Operating costs (notes 4, 5, 11, 21, 22, 25 and 31)				
5110	Total cost of sales	<u>1,021,791</u>	<u>78</u>	<u>985,429</u>	<u>78</u>
5900	Gross profit from operations	295,108	22	273,120	22
5910	(Unrealized) realized gains from subsidiaries and joint ventures (note 4)	(<u>1,045</u>)	<u>-</u>	<u>6,701</u>	<u>-</u>
5950	Gross profit from operations	<u>294,063</u>	<u>22</u>	<u>279,821</u>	<u>22</u>
	Operating expenses (notes 4, 5, 10, 15, 22, 25 and 31)				
6100	Marketing expenses	140,830	11	122,629	10
6200	Administrative expenses	104,756	8	91,335	7
6300	Research and development expenses	74,451	5	59,444	4
6450	Expected credit reversal gains	(<u>3,520</u>)	<u>-</u>	(<u>1,124</u>)	<u>-</u>
6000	Total operating expenses	<u>316,517</u>	<u>24</u>	<u>272,284</u>	<u>21</u>
6900	Net operating income/loss	(<u>22,454</u>)	(<u>2</u>)	<u>7,537</u>	<u>1</u>
	Non-operating income and expenses				
7060	Share of profit of associates and joint ventures accounted for using equity method, net (notes 4 and 12)	158,092	12	57,069	4
7100	Interest income (notes 4, 25, and 31)	2,978	-	6,841	1
7010	Other income (notes 4, 25, 28 and 31)	25,880	2	37,413	3
7020	Other gains and losses (notes 4, 13 and 25)	1,706	-	3,853	-
7510	Finance costs (notes 4, 17, 18 and 25)	(12,279)	(1)	(15,724)	(1)

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Code		2024		2023	
		Amount	%	Amount	%
7590	Miscellaneous disbursements	(\$ 2,323)	-	(\$ 3,118)	-
7630	Foreign exchange gains – net (notes 4 and 34)	12,523	1	2,883	-
7000	Total non-operating income and expenses	186,577	14	89,217	7
7900	Net profit before tax	164,123	12	96,754	8
7950	Income tax expense (notes 4 and 26)	3,084	-	20,288	2
8200	Net profit of the current period	161,039	12	76,466	6
	Other comprehensive income (notes 4, 8, 12, 22 and 26)				
	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	7,151	-	(1,692)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(1,430)	-	338	-
8310		5,721	-	(1,354)	-
	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	40,341	3	(1,610)	-
8370	Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	1,365	-	(267)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(8,341)	-	375	-
8360		33,365	3	(1,502)	-
8300	Total other comprehensive income	39,086	3	(2,856)	-
8500	Total comprehensive income of the year	\$ 200,125	15	\$ 73,610	6
	Earnings per Share (note 27)				
9710	Basic	\$ 1.50		\$ 0.74	
9810	Dilute	\$ 1.41		\$ 0.68	

The accompanying notes are an integral part of the individual financial statements.
(please refer to the audit report of Deloitte & Touche Taiwan dated March 12, 2025)

Chairman: Hsiao, Hsiang-Chih President: Hsiao, Hsiang-Chih Accounting Manager: Kao, Chih-Wen

Tex Year Industries Inc.
Individual Statement of Changes in Equity
January 1 to December 31, 2024 and 2023

Unit: NT\$ Thousand

		Share capital		Capital surplus	Retained earnings (notes 4, 8, 22, 23 and 26)			Other equity items (notes 4, 8 and 26)		Total equity
Code		Ordinary share capital (notes 4 and 23)	Certificate of entitlement to new shares from convertible bond (notes 4 and 18)	(notes 4, 18 and 23)	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
A1	Balance on January 1, 2023	\$ 1,033,548	\$ 4,015	\$ 80,531	\$ 135,480	\$ 118,648	\$ 34,254	(\$ 85,308)	(\$ 12,586)	\$ 1,308,582
	Appropriation and distribution of retained earnings for 2022									
B1	Legal reserve appropriated	-	-	-	2,755	-	(2,755)	-	-	-
B3	Special reserve reversed	-	-	-	-	(20,754)	20,754	-	-	-
B9	Dividend to the Company's shareholders	-	-	-	-	-	(20,751)	-	-	(20,751)
M7	Changes in ownership of equity of subsidiaries	-	-	236	-	-	-	-	-	236
I3	Conversion of bond conversion rights into share capital	4,015	(4,015)	-	-	-	-	-	-	-
D1	Profit in 2023	-	-	-	-	-	76,466	-	-	76,466
D3	Other comprehensive income after tax in 2023	-	-	-	-	-	(1,354)	(1,502)	-	(2,856)
D5	Total comprehensive income in 2023	-	-	-	-	-	75,112	(1,502)	-	73,610
Z1	Balance on December 31, 2023	1,037,563	-	80,767	138,235	97,894	106,614	(86,810)	(12,586)	1,361,677
	Appropriation and distribution of retained earnings for 2023									
B1	Legal reserve appropriated	-	-	-	7,511	-	(7,511)	-	-	-
B3	Special reserve appropriated	-	-	-	-	1,502	(1,502)	-	-	-
B5	Cash dividends of ordinary share	-	-	-	-	-	(57,139)	-	-	(57,139)
I1	Conversion of convertible bonds	107,597	-	43,607	-	-	-	-	-	151,204
D1	Net profit in 2024	-	-	-	-	-	161,039	-	-	161,039
D3	Other comprehensive income after tax in 2024	-	-	-	-	-	5,721	33,365	-	39,086
D5	Total comprehensive income in 2024	-	-	-	-	-	166,760	33,365	-	200,125
Z1	Balance on December 31, 2024	<u>\$ 1,145,160</u>	<u>\$ -</u>	<u>\$ 124,374</u>	<u>\$ 145,746</u>	<u>\$ 99,396</u>	<u>\$ 207,222</u>	<u>(\$ 53,445)</u>	<u>(\$ 12,586)</u>	<u>\$ 1,655,867</u>

The accompanying notes are an integral part of the individual financial statements.
(please refer to the audit report of Deloitte & Touche Taiwan dated March 12, 2025)

Chairman: Hsiao, Hsiang-Chih

President: Hsiao, Hsiang-Chih

Accounting Supervisor: Kao, Chih-Wen

Tex Year Industries Inc.
Individual Cash Flow Statement
January 1 to December 31, 2024 and 2023

Unit: NT\$ Thousand

Code		2024	2023
	Cash flow from business activities		
A00010	Profit from continuing operations before tax	\$ 164,123	\$ 96,754
A20010	Adjustments to reconcile profit (loss):		
A20100	Depreciation expenses	42,653	41,744
A20200	Amortization expenses	3,750	4,046
A20300	Expected credit reversal gains	(3,520)	(1,124)
A20400	Net gain on financial assets at fair value through profit or loss	(2,237)	(2,886)
A20900	Finance costs	12,279	15,724
A21200	Interest income	(2,978)	(6,841)
A21300	Dividend income	(787)	(570)
A22300	Share of loss (profit) of associates and joint ventures accounted for using equity method	(158,092)	(57,069)
A22500	Loss (gain) on disposal of property, plan and equipment	545	(967)
A22900	Proceeds from disposal of lease agreement benefits	(14)	-
A23800	Impairment loss on non-financial assets	8,727	-
A23900	Unrealized (realized) gains from subsidiaries and joint ventures	1,045	(6,701)
A29900	Reversal of provision for liabilities	-	(181)
A24600	Other adjustments to reconcile profit (loss)	(24)	(25)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	5,567	(703)
A31150	Accounts receivable	7,483	3,941
A31160	Accounts receivable due from related parties	(515)	60,017
A31180	Other receivables	(1,852)	(895)
A31190	Other receivables - related parties	(23,561)	30,755
A31200	Inventories	(13,502)	5,837
A31240	Other current assets	(2,006)	2,620
A32130	Notes payable	693	-
A32150	Accounts payable	(9,634)	(18,623)
A32160	Accounts payable - related parties	2,765	19,577
A32180	Other payables	16,294	22,988
A32230	Other current liabilities	(21,917)	31,850
A32240	Non-current net defined benefit liability	(3,490)	(3,423)
A33000	Cash inflow generated from operations	21,795	235,845

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Code		2024	2023
A33100	Interest received	\$ 3,183	\$ 6,620
A33300	Interest paid	(11,151)	(13,730)
A33500	Income tax paid	(30,699)	(8,617)
AAAA	Net cash flows from (used in) operating activities	(16,872)	220,118
	Cash flows from (used in) investing activities		
B00040	Acquisition of financial assets at amortized cost	-	(40,000)
B00050	Proceeds from disposal of financial assets at amortized cost	575	-
B00100	Acquisition of financial assets at fair value through profit or loss	(12,840)	(7,000)
B00200	Disposal of financial assets at fair value through profit or loss	762	187
B01800	Acquisition of investment by the equity method	(3,907)	(38,707)
B01900	Share payments refunded for the capital decrease of subsidiaries	-	36,081
B02700	Acquisition of property, plant and equipment	(20,566)	(9,976)
B02800	Proceeds From Disposal of Property, Plants, and Equipment	49	3,720
B03700	Increase (decrease) in refundable deposits	(1,644)	689
B04500	Acquisition of intangible assets	(4,502)	(4,518)
B06700	Increase (decrease) in other non-current assets	184	(87)
B07100	Increase in prepayments for business facilities	(6,588)	(10,762)
B07600	Dividend received	787	570
B07600	Dividends received from subsidiaries and joint ventures	49,861	100,599
BBBB	Net cash inflow from investing activities	2,171	30,796
	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	1,953,000	2,184,000
C00200	Decrease in short-term loans	(1,845,000)	(2,392,412)
C01700	Repayment of long-term debt	(52,540)	(88,328)
C04020	Repayments of the principal of lease liabilities	(1,636)	(2,020)
C04500	Cash dividends paid	(57,139)	(20,751)
CCCC	Cash outflow from (used in) financing activities	(3,315)	(319,511)
EEEE	Net decrease in cash and cash equivalents	(18,016)	(68,597)
E00100	Cash and cash equivalents at beginning of period	233,610	302,207
E00200	Cash and cash equivalents at end of period	\$ 215,594	\$ 233,610

The accompanying notes are an integral part of the individual financial statements.
(please refer to the audit report of Deloitte & Touche Taiwan dated March 12, 2025)

Chairman: Hsiao, Hsiang-Chih

President: Hsiao, Hsiang-Chih

Accounting Manager: Kao, Chih-Wen

Tex Year Industries Inc.

Notes to Individual Financial Statements

January 1 to December 31, 2024 and 2023

(unless otherwise specified, the amount unit is in NTD Thousand)

1. Company History and Business Scope

Tex Year Industries Inc. (hereinafter referred to as the “Company”) was established on June 28, 1976 with the approval of the Ministry of Economic Affairs. The main business items are the manufacturing and trading of glues, adhesives, hot-melt glues and medical equipment.

The Company’s shares were listed and traded on the Taipei Exchange (OTC) Securities Market of the Republic of China on March 16, 2001, and delisted on the Taipei Exchange (OTC) Securities Market on June 24, 2015 and listed and traded on the Taiwan Stock Exchange on the same day.

The individual financial statements are expressed in NT\$, the functional currency of the Company.

2. Date and Procedure of Adoption of Financial Statements

The individual financial statements were approved and issued by the board meeting on March 12, 2025.

3. Application of New and Revised Standards and Interpretations

- (1) The International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC) and Interpretations (SIC) (hereinafter referred to as “IFRS Accounting Standards”) recognized and issued by the Financial Supervisory Commission (hereinafter referred to as the “FSC”) are applied for the first time.

The application of the revised IFRS Accounting Standards approved and issued by the FSC will not result in significant changes in the accounting policies of the Company.

- (2) Applicable IFRSs approved by the FSC for 2025

New/amended/revised criteria and interpretation	Effective date of IASB release
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" related to the amendments to the application guidelines for the classification of financial assets	January 1, 2026 (Note 2)

Note 1: Applicable to the annual reporting period beginning after January 1, 2025.

Upon the initial application of the amendment, the comparison period cannot be restated, and the effects shall be recognized as the exchange difference of foreign operations (as appropriate) and relevant assets and liabilities affected under the retained earnings or equity on the date of initial application.

Note 2: Applicable to the annual reporting period beginning after January 1, 2026; enterprises may choose to apply early on January 1, 2025. When the amendment is applied for the first time, it shall be applied retrospectively; however, the comparison period is not required to be restated, and the effects upon the initial application shall be recognized on the date of initial application. However, if an enterprise may make restatements without any foresight, it may choose to restate the comparison period.

Amendments to IAS 21 “Lack of Exchangeability”

The amendment stated that when an enterprise is able to convert a currency into another currency through exchange transactions with enforceable rights and obligations established by the market or the exchange system within the scope of normal management delay time, the currency has exchangeability. When the currency is not exchangeable on the measurement date, the Company shall estimate the spot exchange rate to reflect the exchange rate used for the orderly transaction of the market participants in consideration of the economic condition at the time. In such circumstances, the Company shall also disclose the information that enables the users of the financial statements to evaluate how the lack of exchangeability of the currency affects or is expected to affect its operating results, financial position and cash flows.

As of the date of approval and publication of the individual financial report, the Company assesses that the amendments to the above-mentioned standards and interpretations will not have a significant impact on the financial position and financial performance.

(3) IFRS Accounting Standards issued by IASB but not approved and effective by the FSC

New/amended/revised criteria and interpretation	The effective date promulgated by IASB (note 1)
"IFRS Annual Improvements - Volume 11"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" related to the amendments to the application guidelines for the derecognition of liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts That Reference Nature-dependent Electricity”	January 1, 2026
The amendments to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	Undetermined
IFRS 17 “Insurance contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to “Initial application of IFRS 17 and IFRS 9 - comparative information” of IFRS 17.	January 1, 2023
IFRS 18 "Presentation and Disclosures of Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Note 1: Unless otherwise noted, the above-mentioned new/ amended/ revised standards or interpretations shall come into effect during the annual reporting period starting after that date.

IFRS 18 "Presentation and Disclosures of Financial Statements"

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements,” and the main changes of the standard include:

- The income statement shall classify gain and expense items into operations, investments, fundraising, income tax, and discontinued operations.
- The income statement shall present the operating profit or loss, profit or loss before tax before fundraising, and the subtotal and total of profit or loss.
- Provide guidelines to enhance the summarizing and separation requirements: The consolidated company shall identify assets, liabilities, equity, gains, expenses, and cash flow generated from individual transactions or other matters and carry out the classification and summary based on the common characteristics to allow the single line items reported in the major financial statements have at least one similar characteristic. Items with non-similar characteristics shall be separated in the major financial statements and notes. The Consolidated Company may only mark such items as “others” when it is unable to find a more informative label.
- Addition of disclosures of performance measurement defined by the management: When the consolidated company is carrying out public communications other than financial statements, communicate with users of financial statements are communicating from the perspective of a certain aspect of the management regarding the overall financial performance of the consolidated company, relevant information on the performance measurement defined by the management shall be disclosed in a single note in the financial statements, including the description of the measurement, the calculation method, the reconciliation of it and the subtotal or total stipulated in the IFRSs, and the effects of relevant reconciliation items on income tax and non-controlling interest.

Except for the abovementioned effects, if the consolidated Company continues to evaluate the impact of other standards and amendments to the interpretation of the financial status and financial performance as of the date of approval of the consolidated financial statements for publication, the relevant impacts shall be disclosed when the evaluation is completed.

4. Summary of Significant Accounting Policies

(1) Declaration of Compliance

The individual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and issued by the FSC.

(2) Basis of Preparation

In addition to financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of planned assets, the individual financial statements are prepared based on historical cost.

Fair value measurement is divided into levels 1 to 3 according to the observability and importance of relevant input values:

1. Level 1 input value: refers to the quoted price (unadjusted) of the same assets or liabilities available in the active market on the measurement date.
2. Level 2 input value: refers to the directly (i.e. price) or indirectly (i.e. derived from price) observable input value of assets or liabilities other than the quotation of level 1.
3. Level 3 input value: refers to the unobservable input value of assets or liabilities.

The Company uses the equity method to account for its investment in subsidiaries or joint ventures in preparing its individual financial statements. In order to make the profit or loss for the year, other comprehensive income and equity in the individual financial statements the same as the profit or loss for the year, other comprehensive income and equity attributable to the owners of the Company in the consolidated financial statements, certain accounting differences between the individual basis and the consolidated basis are adjusted for "investments accounted for using the equity method", "share of profit or loss of subsidiaries and joint ventures accounted for using the equity method", "share of other comprehensive income of subsidiaries and joint ventures accounted for using the equity method" and related equity items. The "Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss" and the related equity items.

(3) Criteria for distinguishing between current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for trading purposes.
2. Assets expected to be realized within 12 months of the balance sheet date; and
3. Cash and cash equivalents (other than those restricted from being exchanged or settled more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes.
2. Liabilities to be settled within 12 months after the balance sheet date (even if a long-term refinancing or rearranged payment agreement is completed after the balance sheet date and before the approval for the publication of the financial, they are classified as current liabilities); and
3. Liabilities for which the Company has no substantive right to defer the settlement period to at least 12 months after the balance sheet date on the balance sheet date.

Current assets or liabilities that are not classified as current assets or liabilities are classified as non-current assets or non-current liabilities. When the terms of liabilities may be settled by transferring the equity instruments of the Company based on the option of the counterparty of the transaction, if the Company classifies the option as equity instruments, such terms have no effects on the classification of current or non-current liabilities.

(4) Foreign Currency

When preparing the individual financial statements, each individual is recorded in a currency other than the individual's functional currency (foreign currency) and is translated into the functional currency based on the exchange rate on the transaction date. Monetary items denominated in foreign currencies are translated at the closing rate at each balance sheet date. Exchange differences arising from the settlement of monetary items or the translation of monetary items are recognized in profit or loss in the period in which they occur.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rates prevailing on the dates of transactions and are not retranslated.

To prepare individual financial statements, the assets and liabilities of the Company and its foreign operations (including subsidiaries and joint ventures that operate in countries or currencies different from those of the Company) are translated into New Taiwan Dollars at the exchange rates prevailing on each balance sheet date. Income and expense items are translated at average exchange rates for the period, with the resulting exchange differences recorded in other comprehensive income.

(5) Inventory

Inventory includes raw materials, supplies, finished goods and work-in-process. Inventories are measured at the lower of cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for inventories of the same type. The net realizable value is the estimated selling price under normal circumstances less the estimated costs still to be invested to completion and the estimated costs required to complete the sale. The cost of inventories is calculated using the weighted-average method.

(6) Invested subsidiaries

The Company uses the equity method to account for its investment in subsidiaries. A subsidiary is an entity over which the Company has control.

Under the equity method, investments are initially recognized at cost, and the carrying amount is increased or decreased as the company's share of the subsidiaries and other comprehensive income or loss and profit is distributed. In addition, changes in the Company's other interests in subsidiaries are recognized in proportion to the Company's shareholding.

Where the change of ownership rights of the subsidiaries of the Company does not result in a loss of control, it shall be treated as an equity transaction. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term interests that are in substance a component of the Company's net investment in the subsidiary), the Company continues to recognize losses in proportion to its equity in the subsidiary.

The excess of the acquisition cost over the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries constituting the business at the acquisition date is recorded as goodwill, which is included in the carrying amount of the investment and is not amortized; the excess of the Company's share of the net

fair value of the identifiable assets and liabilities of the subsidiaries constituting the business at the acquisition date over the acquisition cost is recorded as current income.

The Company assesses impairment by considering the cash-generating units as a whole and comparing their recoverable amounts with their carrying amounts in the financial statements. If the recoverable amount of an asset subsequently increases, the reversal of the impairment loss is recognized as a gain, provided that the carrying amount of the asset after the reversal of the impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset, less amortization. Impairment losses attributable to goodwill are not reversed in subsequent periods.

When control over a subsidiary is lost, the Company measures its remaining investment in the former subsidiary at fair value at the date of loss of control. The difference between the fair value of the remaining investment and the carrying amount of the investment at the date of loss of control, if any, is recognized in profit or loss for the period. In addition, all amounts recognized in other comprehensive income or loss related to the subsidiary are accounted for on the same basis as if the Company had directly disposed of the related assets or liabilities.

Unrealized gains or losses on downstream transactions with subsidiaries are eliminated in the individual financial statements. Gains or losses resulting from counter-current and side-stream transactions with subsidiaries are recognized in the individual financial statements only to the extent that they are not related to the Company's interest in the subsidiary.

(7) Joint ventures

A joint venture is a joint agreement between the Company and another company with joint control and rights to the net assets.

The Company applies the equity method to investment joint ventures.

Under the equity method, investments in joint ventures are initially recognized at cost, and the carrying amount is increased or decreased as the Company's share of the joint ventures and other comprehensive income or loss and profit is distributed. In addition, changes in the Company's equity interest are recognized in proportion to the Company's shareholding.

The excess of the acquisition cost over the Company's share of the net fair value of the identifiable assets and liabilities is recorded as goodwill, which is included in the carrying amount of the investment and is not amortized; the excess of the Company's share of the net fair value of the identifiable assets and liabilities over the acquisition cost is recorded as profit or loss for the period.

If the Company does not subscribe for new shares in proportion to its shareholding in a joint venture, resulting in a change in its shareholding and a resulting increase or decrease in the net equity of the investment, the increase or decrease is adjusted to capital surplus - change in net equity of the joint venture recognized under the equity method and the investment accounted for under the equity method. However, if the ownership interest in a joint venture is reduced as a result of not subscribing or acquiring shares in proportion to the ownership interest, the amount recognized in other comprehensive income or loss related to the joint venture is reclassified in proportion to the reduction, and the accounting treatment is based on the same basis as that required for a direct disposal of the related assets or liabilities. The difference is debited to retained earnings.

The recognition of further losses ceases when the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture (including the carrying amount of the investment in the joint venture under the equity method and other long-term interests that are in substance a component of the Company's net investment in the joint venture). The Company recognizes additional losses and liabilities only to the extent that legal obligations, constructive obligations or payments made on behalf of the Consolidated Company are incurred.

In assessing impairment, the Company treats the entire carrying amount of an investment (including goodwill) as a single asset for the purpose of impairment testing by comparing the recoverable amount with the carrying amount. Any reversal of the impairment loss is recognized to the extent of the subsequent increase in the recoverable amount of the investment.

When the Company ceases to adopt the equity method from the date its investment ceases to be a joint venture, its retained interest in the original joint venture is measured at fair value, and the difference between such fair value and the disposal price and the carrying amount of the investment on the date it ceases to adopt the equity method is recognized in profit or loss for the current period. In addition, all amounts recognized in other comprehensive income or loss related to the joint venture are accounted for on the same basis as would be required if the joint venture were directly disposed of as a related asset or liability. If an investment in a joint venture becomes an investment in an affiliate, the Company continues to use the equity method without remeasuring the retained interest.

Gains or losses resulting from counter-current, downstream and side-stream transactions between the Company and the joint venture are recognized in the individual financial statements only to the extent that they are not related to the Company's interest in the joint venture.

(8) Property, plant and equipment

Property, plant and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Except for land owned by the Company, which is not depreciated, property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

When property, plant and equipment are derecognized, the difference between the net disposal price and the carrying amount of the assets is recognized in profit or loss.

(9) Intangible assets

1. Single acquisition

Individually acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives. The Company reviews the estimated useful lives, residual values and amortization methods at least at each year-end and defers the effect of changes in applicable accounting estimates.

2. Derecognition

When intangible assets are derecognized, the difference between the net disposal price and the carrying amount of the assets is recognized in profit or loss.

(10) Impairment loss of property, plant and equipment, right-of-use assets and intangible assets

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may have been impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The 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 less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have been determined if the impairment loss had not been recognized in prior years for that asset or cash-generating unit. Reversal of impairment loss is recognized in profit or loss.

(11) Financial Instruments

Financial assets and financial liabilities are recognized in the individual balance sheet when the Company becomes a party to the contractual provisions of the instrument. When financial assets and financial liabilities are recognized at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

Regular transactions of financial assets are recognized and derecognized using trade date accounting.

(1) Type of measurements

The types of financial assets held by the Company are financial assets at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

A. Financial assets measure at fair value through income statement

Financial assets at fair value through profit or loss are mandatory financial assets measured at fair value through profit or loss. Financial assets that are mandatorily measured at fair value through profit or loss include investments in equity instruments not designated by the Company as measured at fair value through other comprehensive income or loss, and debt instrument investments that do not qualify for classification as measured at amortized cost or at fair value through other comprehensive income or loss.

Financial assets at fair value through profit or loss are measured at fair value, and dividends generated are recognized in other income. For the determination of fair value, please refer to note 30.

B. Financial assets measured at cost after amortization

The Company's investment financial assets are classified as financial assets carried at amortized cost if both of the following two conditions are met.

- a. is held under an operating model in which financial assets are held for the purpose of receiving contractual cash flows; and
- b. The terms of the contract generate cash flows on specific dates that are solely for the payment of principal and interest on the outstanding principal amount.

Financial assets carried at amortized cost (including cash and cash equivalents, notes receivable, accounts receivable and other receivables carried at amortized cost) are measured at amortized cost using the effective interest method to determine the total carrying amount less any impairment loss after initial recognition, with any foreign currency exchange gain or loss recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except for the following two cases.

- a. Interest income on credit-impaired financial assets acquired or created is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial assets.
- b. For financial assets that are not acquired or impaired but subsequently become impaired, interest income should be computed by multiplying the effective interest rate by the amortized cost of the financial assets from the next reporting period after the impairment is applied.

Credit-impaired financial assets are those for which the issuer or the debtor has experienced significant financial difficulties, defaulted, or where it is probable that the debtor will declare bankruptcy or other financial reorganization, or where an active market for the financial assets has disappeared due to financial difficulties.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed deposits with minimal risk of changes in value within 3 months from the date of acquisition and are used to meet short-term cash commitments.

C. Investments in equity instruments measured at fair value through other comprehensive income

At initial recognition, the Company has an irrevocable option to designate investments in equity instruments that are not held for trading and for which contingent consideration is recognized by the acquirer of the non-business combination to be measured at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, with subsequent changes in fair value reported in other comprehensive income and accumulated in other equity. Upon disposal of investments, the accumulated gains and losses are transferred directly to retained earnings and are not reclassified to profit or loss.

Dividends from investments in equity instruments measured at fair value through other comprehensive income or loss are recognized in profit or loss when the rights to receive payments from the Company are established, unless the dividends clearly represent a partial recovery of the cost of the investment.

(2) Impairment on financial assets

The Company assesses impairment losses on financial assets (including notes receivable and accounts receivable) measured at amortized cost based on expected credit losses at each balance sheet date.

Accounts receivable are recognized as an allowance for loss based on the expected credit loss over the period of survival. Other financial assets are first evaluated to determine whether there is a significant increase in credit risk since initial recognition. If there is no significant increase, an allowance for loss is recognized based on the expected credit loss over 12

months, and if there is a significant increase, an allowance for loss is recognized based on the expected credit loss over the remaining period. Expected credit loss is a weighted average credit loss weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from possible defaults within 12 months after the reporting date of the financial instrument, and the ongoing expected credit loss represents the expected credit loss arising from all possible defaults during the expected life of the financial instrument.

For internal credit risk management purposes, the Company determines, without regard to the collateral held, that a default on a financial asset has occurred in the following circumstances.

- A. There is internal or external information that indicates that the debtor is unlikely to be able to pay its debts.
- B. If more than 60 days past due, unless there is reasonable and supportable information indicating that the basis for delayed default is more appropriate.

All impairment losses on financial assets are reversed by reducing the carrying amount through an allowance account.

(3) Derecognition on financial assets

The Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets lapse or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

The difference between the carrying amount of the financial asset and the consideration received is recognized in profit or loss when the financial asset is derecognized as a whole at amortized cost. When investments in equity instruments measured at fair value through other comprehensive income are derecognized as a whole, the cumulative gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity instrument

Debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized at the acquisition price less direct issue costs.

3. Financial liabilities

(1) Subsequent measurements

All financial liabilities are measured at amortized cost using the effective interest method, except for the following

Financial liabilities measured at fair value through profit and loss

Financial liabilities measured at fair value through profit and loss are held for trading.

Financial liabilities held for trading are measured at fair value, and gains or losses arising from their remeasurement are recognized in other gains and losses.

For the determination of fair value, please refer to note 30.

(2) Derecognition on financial assets

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

4. Convertible corporate bonds

The convertible bonds issued by the Company are classified as financial liabilities and equity in accordance with the substance of the contractual agreements and the definitions of financial liabilities and equity instruments, respectively, at the time of initial recognition.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument and is measured at amortized cost using the effective interest method until the date of conversion or maturity. The components of liabilities that are embedded in non-equity derivatives are measured at fair value.

The conversion right classified as equity is equal to the remaining amount of the fair value of the compound instrument as a whole less the fair value of the separately determined liability component, which is recognized in equity net of the income tax effect and is not subsequently measured. When the conversion right is exercised, the related liability component and the amount in equity will be transferred to equity and capital surplus - issue premium. If the conversion rights of convertible bonds are not exercised on the maturity date, the amount recognized in equity will be transferred to capital surplus - issue premium.

Transaction costs related to the issuance of convertible bonds are allocated to the liability (included in the carrying amount of the liability) and the equity component (included in equity) of the instrument in proportion to the total apportioned price.

(12) Provision for liabilities

The amount recognized as provision for liabilities is the best estimate of the expense required to settle the obligation at the balance sheet date, taking into account the risk and uncertainty of the obligation. The provision for liabilities is measured as the discounted value of estimated cash flows to settle the obligation.

The warranty obligation to conform to the agreed-upon specifications is based on management's best estimate of the expenses required to settle the Company's obligations and is recognized as revenue from the related merchandise.

(13) Income recognition

The Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

Revenue from merchandise sales is mainly derived from sales of hot melt adhesive products. The Company recognizes revenue and accounts receivable at the time of

delivery of hot melt adhesive products to the customer's designated location or at the time of shipment, when the customer has the right to set the price and use the products and has the primary responsibility for re-selling the products, and shall bear the risk of obsolescence. advances for hot-melt adhesive products are recognized as contract liabilities before the Company fulfill the obligations of contract performance.

Therefore, no revenue is recognized when the product is removed.

(14) Lease

The Company assesses whether a contract is (or contains) a lease at the contract inception date.

The Company as lessee

Right-of-use assets and lease liabilities are recognized at the lease commencement date for all leases, except for leases of low-value underlying assets to which the recognition exemption applies and short-term leases, where lease payments are recognized as expenses on a straight-line basis over the lease term.

The right-of-use asset is measured initially at cost (consisting of the original measurement amount of the lease liability, lease payments made prior to the commencement date of the lease less lease incentives received, original direct cost and estimated cost of restoration of the subject asset) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, and the remeasurement of the lease liability is adjusted. Right-of-use assets are presented separately in the individual balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life or the end of the lease term. Lease liabilities are measured initially at the present value of lease payments, primarily fixed payments. Lease payments are discounted using the interest rate implied by the lease if it is readily recognizable. If the rate is not readily identifiable, the lessee's incremental borrowing rate is used.

Subsequently, the lease liabilities are measured at amortized cost basis using the effective interest method and interest expense is allocated over the lease term. If there is a change in future lease payments due to changes in the lease period or rates, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented separately in the individual balance sheet.

(15) Borrowing Cost

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(16) Government subsidy

Government grants are recognized only when there is reasonable assurance that the Company will comply with the conditions attached to the government grant and that the grant will be received.

Government grants related to revenues are recognized as a reduction of related costs/other income on a systematic basis in the period in which the related costs for which they are intended to be reimbursed are recognized as expenses by the

Consolidated Company. Government grants conditioned on the acquisition, construction or other acquisition of noncurrent assets by the Consolidated Company are recognized as deferred revenue and are transferred to profit or loss on a reasonable and systematic basis over the useful lives of the related assets. Government grants are recognized in profit or loss in the period in which they become receivable if they are intended to compensate for expenses or losses already incurred or to provide immediate financial support to the Company and have no future related costs.

(17) Employee benefits

1. Short-term employee benefits

Short-term employee benefit-related liabilities are measured at the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

The defined contribution pension plan is an expense that recognizes the amount of pension benefits to be contributed during the employees' service period.

The defined benefit cost (including service cost, net interest and rereasurement) of the defined benefit pension plan is actuarially determined using the projected unit benefit method. Service cost and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expense as incurred. Remeasurements (including actuarial gains and losses and return on plan assets, net of interest) are recognized in other comprehensive income as incurred and included in retained earnings, and are not reclassified to profit or loss in subsequent periods.

The net defined benefit obligation represents the deficit in the defined benefit pension plan.

(18) Income tax

Income tax expense is the sum of current income tax and deferred income tax.

1. Income tax of the current period

The Company determines the current income (loss) in accordance based on the regulations of the Republic of China, and calculates the income tax payable (recoverable) accordingly.

Income tax on undistributed earnings calculated in accordance with the ROC Income Tax Act is recognized in the year when the shareholders resolve to retain the earnings.

Adjustments to prior years' income tax payable are included in the current period's income tax.

2. Deferred income tax

Deferred income tax is computed on temporary differences between the carrying amounts of assets and liabilities and the tax basis of taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which income tax credits can be utilized for temporary differences.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and joint agreements, except where the Company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and to the extent that a reversal is expected in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax assets will be available to allow recovery of all or part of the asset.

Deferred income tax assets that have not been recognized are reviewed at each balance sheet date and the carrying amount is increased to the extent that it is probable that future taxable income will be available to recover all or part of the asset.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, which are based on tax rates and tax laws that have been legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences of the manner in which the Company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

3. Income tax of the current period and deferred income tax

Current and deferred income taxes are recognized in profit or loss, except for current and deferred income taxes related to items recognized in other comprehensive income or directly in equity, which are recognized in other comprehensive income or directly in equity, respectively.

5. Main Sources of Uncertainty in Significant Accounting Judgments, Estimates and Assumptions

In adopting accounting policies, the Company's management is required to make judgments, estimates and assumptions that are based on historical experience and other relevant factors when relevant information is not readily available from other sources. Actual results may differ from estimates.

When developing major accounting estimates, the Company takes the possible impact of the financial market fluctuations into consideration, such as cash flow estimates, growth rates, discount rates, profitability, etc. The management will review the estimates and underlying assumptions on an ongoing basis.

Main Sources of Uncertainty in Estimates and Assumptions

(1) Estimated impairment loss on notes receivable and accounts receivable

The estimated impairment loss on notes receivable and accounts receivable is based on the company's assumptions about default probability and expected loss rates. The Company considers historical experience, current market conditions and forward-looking information to make assumptions and select the input value for the impairment assessment. Please refer to Note 10 for the significant assumptions and inputs used. If actual future cash flows fall short of expectations, a material impairment loss could be incurred.

(2) Impairment of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less estimated costs to complete and estimated costs to complete the sale, which are based on current market conditions and historical sales experience of similar products.

(3) Impairment of invested subsidiaries

Regarding the subsidiary the Company invested in, due to the changes in the green policies of the EU, it is indicated that relevant assets may be impaired and the carrying amount of the investments in the subsidiary may not be recovered. The Company immediately evaluates the asset impairment related to the subsidiary by adopting the angle of the overall financial statements. The Company determined the recoverable amount of machinery and equipment, furniture and fixtures, and other equipment based on fair value less disposal costs. The relevant fair value is determined with reference to the market value. The main assumptions include the estimated selling price, which falls within Level 3 fair value measurement.

6. Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand and working capital	\$ 1,102	\$ 684
Bank checks and demand deposits	157,703	180,138
Cash equivalents		
Bank term deposits with original maturity in 3 months	<u>56,789</u>	<u>52,788</u>
	<u>\$ 215,594</u>	<u>\$ 233,610</u>

The interest rate ranges of demand deposits and time deposits on the balance sheet date are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Demand deposits	0.001%~0.90%	0.001%~1.45%
Time deposit	0.65%~4.56%	1.32%~3.55%

7. Financial Instruments Measured at Fair Value through Income Statement

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets - non-current</u>		
Mandatory adoption of fair value through profit or loss measured at		
Non-derivative financial assets		
- Limited partnership funds	<u>\$ 37,791</u>	<u>\$ 23,476</u>

8. Financial assets measured at fair value through other comprehensive income

Non-current equity investments

The Company invests in the common shares of Acute Touch Technology Co., Ltd. for medium and long-term strategic purposes, and expects to make profits through long-term investment. In the opinion of the management of the Company, if the short-term fair value fluctuation of such investment is included in the income, it is not consistent with the aforesaid long-term investment plan, so they chose to designate such investment as measured at fair value through other comprehensive income. Considering the operation and net equity value of Acute Touch Technology Co., Ltd, the Company may have a significant impairment in the recoverable amount of its relevant investment. The book values as of December 31, 2024 and 2023 were zero, respectively.

9. Financial assets measured at cost after amortization

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Non-current</u>		
Restricted bank deposits	<u>\$ 39,425</u>	<u>\$ 40,000</u>

Restricted bank deposits are guarantees provided by the Company to banks for endorsements and guarantees in favor of joint ventures.

Please refer to note 32 for information on pledged financial assets at amortized cost.

10. Notes receivable, accounts receivable and other receivables (including those of related parties)

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Notes receivable</u>		
Measured at cost after amortization		
Total carrying value	<u>\$ 8,982</u>	<u>\$ 14,549</u>
<u>Accounts receivable</u>		
Measured at cost after amortization		
Total carrying value	\$ 165,818	\$ 173,301
Less: provision for loss	(<u>13,908</u>)	(<u>17,872</u>)
	<u>\$ 151,910</u>	<u>\$ 155,429</u>
<u>Accounts receivable due from related parties</u>		
Measured at cost after amortization		
Total carrying value	\$ 95,655	\$ 95,140
Less: provision for loss	(<u>516</u>)	(<u>263</u>)
	<u>\$ 95,139</u>	<u>\$ 94,877</u>

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	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Other receivables</u>		
Tax refund receivable	\$ 2,051	\$ 1,201
Others	<u>3,585</u>	<u>2,788</u>
	<u>\$ 5,636</u>	<u>\$ 3,989</u>
 <u>Other receivables - related parties</u>		
Measured at cost after amortization		
Total carrying value	\$ 57,839	\$ 34,278
Less: provision for loss	(<u>196</u>)	(<u>5</u>)
	<u>\$ 57,643</u>	<u>\$ 34,273</u>

(1) Notes receivable and accounts receivable

The average credit period of the Company for commodity sales is 60 to 90 days, and the notes receivable and accounts receivable are not subject to interest.

In order to reduce credit risk, the management of the Company has assigned a special team to be responsible for the decision of credit facilities, credit approval and other monitoring procedures to ensure that appropriate actions have been taken for the recovery of overdue receivables. In addition, the Company will review the recoverable amounts of the receivables one by one on the balance sheet date to ensure that appropriate impairment loss has been provided for the receivables that cannot be recovered. Therefore, the management of the consolidated company thinks that the credit risk of the Company has been significantly reduced.

The Company shall recognize the provision for loss of notes receivable and accounts receivable according to the expected credit loss during the period of existence. The expected credit loss during the existence period is calculated by the preparation matrix, which considers the past default records of customers and their current financial situation, the industrial economic situation, as well as the GDP forecast and industrial outlook. As the historical experience of credit loss of the Company shows that there is no significant difference in the loss pattern of different customer groups, the preparation matrix does not further distinguish customer groups, and only uses the overdue days of accounts receivable to determine the expected credit loss rate. If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably expect the recoverable amount, for example, if the transaction counterparty is in liquidation, the Company will directly write off the relevant notes receivables and accounts receivables. Still, it will continue the recourse activities, and the amount recovered due to recourse will be recognized as income.

The Company measures the provision for loss of notes receivable and accounts receivable (including those of related parties) according to the preparation matrix as follows:

December 31, 2024

	Not overdue	1~60 days overdue	61~120 days overdue	121~150 days overdue	151~180 days overdue	181~365 days overdue	More than 366 days overdue	Total
Expected credit loss rate	0%	0%~1%	5%~10%	20%	100%	100%	100%	
Total carrying value	\$212,513	\$ 33,421	\$ 10,676	\$ -	\$ -	\$ -	\$ 13,845	\$270,455
Provision for loss (expected credit loss during the period of existence)	-	(100)	(479)	-	-	-	(13,845)	(14,424)
Cost after amortization	<u>\$212,513</u>	<u>\$ 33,321</u>	<u>\$ 10,197</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$256,031</u>

December 31, 2023

	Not overdue	1~60 days overdue	61~120 days overdue	121~150 days overdue	151~180 days overdue	181~365 days overdue	More than 366 days overdue	Total
Expected credit loss rate	0%	0%~1%	5%~10%	20%	100%	100%	100%	
Total carrying value	\$217,305	\$ 41,167	\$ 6,470	\$ 485	\$ 1,285	\$ 207	\$ 16,071	\$282,990
Provision for loss (expected credit loss during the period of existence)	-	(80)	(395)	(97)	(1,285)	(207)	(16,071)	(18,135)
Cost after amortization	<u>\$217,305</u>	<u>\$ 41,087</u>	<u>\$ 6,075</u>	<u>\$ 388</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$264,855</u>

Information on changes in the provision for losses of notes and accounts receivable (including those of related parties) is as follows:

	2024	2023
Beginning balance	\$ 18,135	\$ 19,261
Less: impairment loss of reversals in the current period	(3,711)	(1,126)
Ending balance	<u>\$ 14,424</u>	<u>\$ 18,135</u>

(2) Collection

The information about the change of provision for collection loss is as follows:

	2024	2023
Beginning balance	\$ -	\$ 37
Less: Actual write off in current period	-	(37)
Ending balance	<u>\$ -</u>	<u>\$ -</u>

The collection amount is included in other non-current assets, and the provision for impairment losses has been fully made.

(3) Other receivables

Information about the change of provision for losses of other receivables (including those of related parties) is as follows:

	2024	2023
Beginning balance	\$ 5	\$ 3
Add: impairment loss in the current period	191	2
Ending balance	<u>\$ 196</u>	<u>\$ 5</u>

11. Inventory

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Finished products	\$ 61,599	\$ 69,823
Semi-finished products	9,386	8,310
Raw materials	44,661	37,177
Merchandise inventory	<u>56,871</u>	<u>52,432</u>
	<u>\$ 172,517</u>	<u>\$ 167,742</u>

The nature of cost of sales is as follows:

	<u>2024</u>	<u>2023</u>
Cost of inventory sold	\$ 1,011,623	\$ 981,586
Loss from inventory falling price	8,727	-
Loss from inventory scrap	<u>1,441</u>	<u>3,843</u>
	<u>\$ 1,021,791</u>	<u>\$ 985,429</u>

12. Investment under the equity method

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Invested subsidiaries	\$ 1,305,812	\$ 1,164,299
Joint ventures	<u>48,583</u>	<u>37,297</u>
	<u>\$ 1,354,395</u>	<u>\$ 1,201,596</u>

(1) Invested subsidiaries

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Tex Year International (SAMOA) Corp.	\$ 997,325	\$ 875,407
Tex Year (Hong Kong) Ltd.	100,981	88,527
Tex Year Vietnam Co., Ltd.	78,673	72,664
Tex Year Europe Sp. z o.o.	126,505	118,469
Tex Year Minima Technology Inc.	<u>2,328</u>	<u>9,232</u>
	<u>\$ 1,305,812</u>	<u>\$ 1,164,299</u>

	<u>Percentage of ownership interest and voting rights</u>	
<u>Name of subsidiary</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Tex Year International (SAMOA) Corp.	100%	100%
Tex Year (Hong Kong) Ltd.	100%	100%
Tex Year Vietnam Co., Ltd.	80%	80%
Tex Year Europe Sp. z o.o.	80%	80%
Tex Year Minima Technology Inc.	81%	81%

Tex Year Minima Technology Inc.

Tex Year Minima Technology Inc. handled cash increase of NT\$51,540 thousand in January 2023. After the capital increase, the total paid in capital of Tex Year Minima Technology Inc. was NT\$67,540 thousand. The Company did not subscribe according to the original shareholding ratio, resulting in a decrease in the shareholding ratio of Tex Year Minima Technology Inc. from 100% to 81%. Because the transaction did not change the Company's control over Tex Year Minima Technology Inc., it is treated as an equity transaction. The difference generated by the consolidated company through the aforementioned equity transaction is adjusted as an increase in the capital surplus by NTD\$236 thousand.

In order to comply with the future operation layout plan, the Company organized a capital increase in cash in the amount of USD1,650 thousand to Tex Year Minima Technology Europe Sp. z o.o. through Tex Year Minima Technology Inc. in March 2023, and the holding ratio did not change after the capital increase. However, due to the changes in the green policy of the EU, the Company considers that the machinery and equipment and patents used in producing products have no future cash inflow, resulting in the recoverable amount being less than the carrying amount; therefore, impairment losses of NT\$4,349 thousand and NT\$37,808 thousand were recognized in 2024 and 2023. The Board resolved to cease the operation of Tex Year Minima Technology Europe Sp. z o. o. and have it liquidated on March 15, 2024. However, as of March 12, 2025, the liquidation had not been completed.

Tex Year International (SAMOA) Corp.

A joint venture company invested by the Company through Tex Year International (SAMOA) Corp.; as no future cash inflow is expected from part of the machinery used for product production, the recoverable amount is less than the carrying amount. The costs and expenses assumed for the cash-generating unit are recognized with reference to the impairment losses of machinery and equipment and the agreement. Therefore, NT\$3,545 thousand was recognized in 2023.

For details of the investee subsidiaries held by the Company, please refer to Attachments 5 and 6.

The share of profit or loss and other comprehensive income or loss of subsidiaries accounted for under the equity method is recognized based on the audited financial statements of each subsidiary for the same period.

(2) Joint ventures

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Individual non-significant joint ventures		
Tex Year Industrial Adhesives Pvt. Ltd.	<u>\$ 48,583</u>	<u>\$ 37,297</u>

Summary information of individual unimportant joint ventures

	<u>2024</u>	<u>2023</u>
Share of the Company		
Net profit of the current period	\$ 6,048	\$ 3,997
Other comprehensive income	<u>1,365</u>	(<u>267</u>)
Total comprehensive income	<u>\$ 7,413</u>	<u>\$ 3,730</u>

In addition, a capital increase in cash in the amount of US\$120 thousand was performed by the Company for the company in April 2024. After the investment of funds, the shareholding ratio did not change.

The annual financial statements of Tex Year Industrial Adhesives Pvt. Ltd. ended on March 31. Since it is practically difficult to require the company to prepare additional financial statements with a reporting date of December 31, the Company used this company's financial statements with the balance sheet date on March 31, 2024 and March 31, 2023, and made adjustments for significant transactions between April 1, 2024 and December 31, 2024 and between April 1, 2023 and December 31, 2023.

The share of income and other comprehensive income enjoyed by the joint venture and the Company under the equity method is calculated based on the financial reports that have not been audited by a certified public accountant. However, the management of the Company believes that the financial statements of the above investees have not been audited by the accountants and do not yet have a material effect.

Please refer to Schedule 5 "Name, location, ... of the investee company" for the business nature, main business premises and country of incorporation of the joint ventures invested above, and Schedule 6 "Mainland China investment information".

13. Property, plant and equipment

	Self-own land	Revaluation and appreciation of land	Houses and buildings	Machinery and equipment	Office equipment	Other equipment	Unfinished construction	Total
<u>Cost</u>								
Balance on January 1, 2023	\$ 45,717	\$ 45,324	\$ 495,799	\$ 255,417	\$ 20,406	\$ 35,098	\$ 630	\$ 898,391
Addition	-	-	1,463	4,677	4,593	429	885	12,047
Disposal	-	-	(278)	(10,466)	(959)	(1,082)	-	(12,785)
Reclassification	-	-	960	6,404	370	-	(698)	7,036
Balance on December 31, 2023	<u>\$ 45,717</u>	<u>\$ 45,324</u>	<u>\$ 497,944</u>	<u>\$ 256,032</u>	<u>\$ 24,410</u>	<u>\$ 34,445</u>	<u>\$ 817</u>	<u>\$ 904,689</u>
<u>Accumulated depreciation and impairment</u>								
Balance on January 1, 2023	\$ -	\$ -	\$ 204,697	\$ 118,382	\$ 14,843	\$ 23,766	\$ -	\$ 361,688
Depreciation expenses	-	-	15,433	19,492	2,438	2,292	-	39,655
Disposal	-	-	(278)	(7,739)	(933)	(1,082)	-	(10,032)
Balance on December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,852</u>	<u>\$ 130,135</u>	<u>\$ 16,348</u>	<u>\$ 24,976</u>	<u>\$ -</u>	<u>\$ 391,311</u>
Net amount on December 31, 2023	<u>\$ 45,717</u>	<u>\$ 45,324</u>	<u>\$ 278,092</u>	<u>\$ 125,897</u>	<u>\$ 8,062</u>	<u>\$ 9,469</u>	<u>\$ 817</u>	<u>\$ 513,378</u>

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	Self-own land	Revaluation and appreciation of land	Houses and buildings	Machinery and equipment	Office equipment	Other equipment	Unfinished construction	Total
<u>Cost</u>								
Balance on January 1, 2024	\$ 45,717	\$ 45,324	\$ 497,944	\$ 256,032	\$ 24,410	\$ 34,445	\$ 817	\$ 904,689
Addition	-	-	7,805	7,274	3,445	1,257	1,647	21,428
Disposal	-	-	(10,681)	(425)	(3,006)	(557)	-	(14,669)
Reclassification	-	-	700	1,900	-	1,333	(617)	3,316
Balance on December 31, 2024	<u>\$ 45,717</u>	<u>\$ 45,324</u>	<u>\$ 495,768</u>	<u>\$ 264,781</u>	<u>\$ 24,849</u>	<u>\$ 36,478</u>	<u>\$ 1,847</u>	<u>\$ 914,764</u>
<u>Accumulated depreciation and impairment</u>								
Balance on January 1, 2024	\$ -	\$ -	\$ 219,852	\$ 130,135	\$ 16,348	\$ 24,976	\$ -	\$ 391,311
Depreciation expenses	-	-	15,841	19,916	2,535	2,650	-	40,942
Disposal	-	-	(10,087)	(425)	(3,005)	(558)	-	(14,075)
Balance on December 31, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225,606</u>	<u>\$ 149,626</u>	<u>\$ 15,878</u>	<u>\$ 27,068</u>	<u>\$ -</u>	<u>\$ 418,178</u>
Net amount on December 31, 2024	<u>\$ 45,717</u>	<u>\$ 45,324</u>	<u>\$ 270,162</u>	<u>\$ 115,155</u>	<u>\$ 8,971</u>	<u>\$ 9,410</u>	<u>\$ 1,847</u>	<u>\$ 496,586</u>

There is no sign of impairment in the assessment of the Company from January 1 to December 31 in 2024 and 2023, so no impairment loss is provided.

Depreciation expenses are accrued on a straight-line basis based on the following number of years of service life:

Houses and buildings	
Main building of plant	5 to 40 years
Electromechanical and other equipment	3 to 15 years
Machinery and equipment	2 to 20 years
Office equipment	3 to 10 years
Other equipment	3 to 15 years

Please refer to note 32 for the amount of property, plant and equipment pledged by the Company for loans.

14. Lease agreement

(1) Right-of-use assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying value of right-of-use assets		
Buildings	\$ 1,443	\$ 1,591
Other equipment	34	95
Transportation equipment	1,671	820
	<u>\$ 3,148</u>	<u>\$ 2,506</u>

	2024	2023
Addition of right-of-use assets	\$ 3,844	\$ -
Depreciation expenses of right-of-use assets		
Buildings	\$ 667	\$ 1,092
Other equipment	61	67
Transportation equipment	983	930
	<u>\$ 1,711</u>	<u>\$ 2,089</u>

(2) Lease liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying value of lease liabilities		
Current	\$ 1,556	\$ 1,053
Non-current	<u>\$ 1,585</u>	<u>\$ 1,385</u>

The range of discount rate of lease liabilities is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Buildings	2.02%	1.55%
Other equipment	1.45%	1.45%
Transportation equipment	1.71%~2.02%	1.27%~1.71%

(3) Other lease information

	2024	2023
Short term rental expenses	\$ 2,175	\$ 1,329
Total cash (outflow) from lease	(<u>\$ 3,871</u>)	(<u>\$ 3,401</u>)

The Company chooses to exempt the recognition of buildings, office equipment and transportation equipment conforming to the short-term lease, and does not recognize the relevant right-of-use assets and lease liabilities.

15. Intangible assets

	<u>Patent rights</u>	<u>Computer software</u>	<u>Total</u>
<u>Cost</u>			
Balance on January 1, 2023	\$ 1,312	\$ 33,271	\$ 34,583
Acquisition	-	4,518	4,518
Disposal	<u>-</u>	(<u>5,676</u>)	(<u>5,676</u>)
Balance on December 31, 2023	<u>\$ 1,312</u>	<u>\$ 32,113</u>	<u>\$ 33,425</u>

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	Patent rights	Computer software	Total
<u>Accumulated depreciation</u>			
Balance on January 1, 2023	\$ 1,290	\$ 26,106	\$ 27,396
Amortization expenses	8	3,863	3,871
Disposal	<u>-</u>	(<u>5,676</u>)	(<u>5,676</u>)
Balance on December 31, 2023	<u>\$ 1,298</u>	<u>\$ 24,293</u>	<u>\$ 25,591</u>
Net amount on December 31, 2023	<u>\$ 14</u>	<u>\$ 7,820</u>	<u>\$ 7,834</u>
<u>Cost</u>			
Balance on January 1, 2024	\$ 1,312	\$ 32,113	\$ 33,425
Acquisition	-	4,502	4,502
Disposal	-	(6,112)	(6,112)
Reclassification	<u>-</u>	<u>1,431</u>	<u>1,431</u>
Balance on December 31, 2024	<u>\$ 1,312</u>	<u>\$ 31,934</u>	<u>\$ 33,246</u>
<u>Accumulated depreciation</u>			
Balance on January 1, 2024	\$ 1,298	\$ 24,293	\$ 25,591
Amortization expenses	8	3,742	3,750
Disposal	<u>-</u>	(<u>6,112</u>)	(<u>6,112</u>)
Balance on December 31, 2024	<u>\$ 1,306</u>	<u>\$ 21,923</u>	<u>\$ 23,229</u>
Net amount on December 31, 2024	<u>\$ 6</u>	<u>\$ 10,011</u>	<u>\$ 10,017</u>

Amortization expenses are accrued on a straight-line basis based on the following number of years of service life:

Patent rights	3 to 20 years
Computer software	2 to 10 years

Total amortization by function:

	2024	2023
Manufacturing Costs	\$ 79	\$ 102
Marketing expenses	222	789
Administrative expenses	3,305	2,980
R&D expenses	<u>144</u>	<u>-</u>
	<u>\$ 3,750</u>	<u>\$ 3,871</u>

16. Other assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Advance payment for goods	\$ 3,355	\$ 3,835
Prepaid expenses	5,653	4,140
Refundable deposit	5,369	3,725
Advance payment for equipment	6,823	4,982
Others	<u>1,597</u>	<u>808</u>
	<u>\$ 22,797</u>	<u>\$ 17,490</u>
Current	\$ 10,605	\$ 8,599
Non-current	<u>12,192</u>	<u>8,891</u>
	<u>\$ 22,797</u>	<u>\$ 17,490</u>

17. Borrowings

(I) Short-term borrowings

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Secured loans</u> (note 32)		
Bank loans	\$ 71,000	\$ -
<u>Unsecured loans</u>		
Credit loans	<u>425,000</u>	<u>388,000</u>
	<u>\$ 496,000</u>	<u>\$ 388,000</u>
Borrowing rates	1.90%~2.03%	1.74%~1.78%

(II) Long-term loans

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Secured loans</u> (note 32)		
Bank loans	\$ 150,953	\$ 203,493
Less: due within one year	(<u>31,077</u>)	(<u>45,987</u>)
Long-term loan	<u>\$ 119,876</u>	<u>\$ 157,506</u>
Borrowing rates	2.125%~2.178%	2.000%~2.053%

The Company has entered into mid-to-long-term secured loan agreements with Taiwan Business Bank and Taiwan Cooperative Bank. The loan amount is to be repaid in installments in accordance with the credit loan agreements, with the latest expiry date of December 2032.

The Company has provided certain land and buildings as collateral. Please refer to note 32.

18. Corporate bonds payable (December 31, 2024: None)

	<u>December 31, 2023</u>
Domestic secured convertible corporate bonds	\$ 151,500
Less: convertible bond discounts	(1,542)
Less: The portion listed as due within one year	(<u>149,958</u>)
	<u>\$ -</u>

The relevant information of domestic convertible corporate bonds issued by the Company is as follows:

The conditions for the issuance of the Company's second secured domestic convertible corporate bond are as follows: the Company has been approved by the competent authority to raise and issue the second secured domestic convertible corporate bond, with a total issuance amount of NT\$200,000 thousand and a coupon rate of 0%. The term is five years, and the circulation period is from October 23, 2019 to October 23, 2024. It was listed on the GreTai Securities Exchange of the Republic of China on October 23, 2019. When the convertible bond is due, it shall be paid in cash at one time according to the face value of the bonds. The holders of the convertible bond may, from three months after the day following the issuance date of this bond to the maturity date, request conversion into the common shares of the company at any time, except for the period during which the transfer of ownership shall be suspended in accordance with the relevant measures or laws and regulations. The conversion price of the convertible corporate bond is set in accordance with the pricing model prescribed in the conversion method, with the conversion price of NT\$15.7 per share. In case of any anti-dilution provisions of the Company, the subsequent conversion price shall be adjusted in accordance with the pricing model prescribed in the conversion method.

From the day following 3 months after the issuance of the convertible corporate bonds to 40 days before the expiry of the issuance period, if the closing price of the Company's ordinary shares exceeds the current conversion price by more than 30% (inclusive) for 30 consecutive business days, or if the outstanding balance of the convertible corporate bonds is less than 10% of the original total amount, the Company may recall all the bonds in cash according to the bond's face value.

Due to the Company's ex-dividend operation in 2024 and 2023, the conversion prices have been adjusted to NT\$14 and NT\$14.3 from the ex-dividend date of July 31, 2024 and August 9, 2023, in accordance with the issuance regulations.

The above-mentioned convertible corporate bonds include the conversion right of the main contractual debt instrument, the sale/redemption derivative instrument and the equity component, which are expressed under the equity by capital surplus - conversion rights. The effective interest rate originally recognized for the liability component is 1.26%.

The changes in the main contractual debt instrument are as follows:

	2024	2023
Beginning liability components	\$ 149,958	\$ 148,085
Interest calculated at an effective interest rate in the current period	1,246	1,873
Common shares converted from payable corporate bonds	(151,204)	-
Ending liability components	<u>\$ -</u>	<u>\$ 149,958</u>

The changes in the sale/redemption of derivative are as follows (2024: None):

	2023
Beginning balance	\$ 50
Loss from changes in fair value	(50)
Ending balance	<u>\$ -</u>

Changes in the conversion rights of equity components (under capital surplus) are as follows:

	2024	2023
Beginning balance	\$ 6,609	\$ 6,609
Common shares converted from payable corporate bonds	(6,609)	-
Ending balance	<u>\$ -</u>	<u>\$ 6,609</u>

19. Accounts payable

	December 31, 2024	December 31, 2023
<u>Notes payable</u>		
Arising from business	<u>\$ 693</u>	<u>\$ -</u>
<u>Accounts payable</u>		
Arising from business	<u>\$ 116,405</u>	<u>\$ 126,039</u>
<u>Accounts payable - related parties</u>		
Arising from business	<u>\$ 31,484</u>	<u>\$ 28,719</u>

20. Other liabilities

	December 31, 2024	December 31, 2023
<u>Current</u>		
Other payables (including related parties)		
Bonus payable	\$ 37,066	\$ 28,530
Salary payable	14,996	13,042
Remuneration payable to employees, directors and supervisors	14,272	9,154

(Continue)

(Continue)

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Payable on machinery and equipment	\$ 6,595	\$ 5,733
Leave payment payable	5,877	5,112
Other expenses payable	<u>39,965</u>	<u>40,162</u>
	<u>\$ 118,771</u>	<u>\$ 101,733</u>
Other liabilities		
Contractual liabilities	\$ 30,203	\$ 52,322
Provisional collection	1,426	1,315
Collection on behalf of others	<u>898</u>	<u>807</u>
	<u>\$ 32,527</u>	<u>\$ 54,444</u>

21. Current provisions (December 31, 2024 and 2023: None)

	<u>2023</u>
Beginning balance	\$ 181
Reversed during the year	(<u>181</u>)
Ending balance	<u>\$ -</u>

The provision for warranty liabilities is the present value of the best estimate of the outflow of future economic benefits caused by the warranty obligation from the management of the Company in accordance with the contract for the sale of goods. This estimate is based on historical warranty experience, taking into account the adjustment for new raw materials, process changes or other factors affecting product quality.

22. Post-retirement benefit plans

(1) Defined contribution plan

The pension system of the “Labor Pension Act” is applicable to the Company, and is a defined contribution plan managed by the government. The pension is allocated to the individual account of the Labor Insurance Bureau at 6% of the employee’s monthly salary.

(2) Defined benefit plans

The Company implements a pension system of defined benefit plans managed by the government as prescribed in the “Labor Standards Act”. The employee's pension is calculated based on the length of service and the average salary for the six months before the approved retirement date. The Company allocates 8% of the total monthly salary of the employees to the pension, and hands it over to the Labor Pension Reserve Supervision Committee to deposit it into the special account of the Bank of Taiwan in the name of the Committee. Before the end of the year, if it is estimated that the balance of the special account is not sufficient to pay the workers who are expected to meet the retirement conditions in the next year, the difference will be provided in one go by the end of March of the next year. The management of the account is entrusted to the Bureau of Labor Fund Utilization, Ministry of Labor, and the Company has no right to influence the investment management strategy.

The amounts included in the individual balance sheet for defined benefit plans are as follows

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current value of defined benefit obligation	\$ 73,521	\$ 77,652
Fair value of planned assets	(<u>60,740</u>)	(<u>54,230</u>)
Net defined benefit liabilities	<u>\$ 12,781</u>	<u>\$ 23,422</u>

Changes to net defined benefit liabilities are as follows:

	<u>Current value of defined benefit obligation</u>	<u>Fair value of planned assets</u>	<u>Net defined benefit liabilities</u>
Balance on January 1, 2023	<u>\$ 74,646</u>	<u>\$ 49,493</u>	<u>\$ 25,153</u>
Service cost			
Service cost of the current period	386	-	386
Interest expenses/interest income	<u>919</u>	<u>625</u>	<u>294</u>
Recognized in income	<u>1,305</u>	<u>625</u>	<u>680</u>
Compensation for planned assets (in addition to the amount included in net interest)	-	490	(490)
Actuarial losses changes in financial assumptions	311	-	311
Actuarial loss experience adjustment	<u>1,871</u>	<u>-</u>	<u>1,871</u>
Recognized as Other comprehensive income	<u>2,182</u>	<u>490</u>	<u>1,692</u>
Employer contribution	-	4,103	(4,103)
Benefit paid	(<u>481</u>)	(<u>481</u>)	<u>-</u>
Balance on December 31, 2023	<u>\$ 77,652</u>	<u>\$ 54,230</u>	<u>\$ 23,422</u>
Balance on January 1, 2024	<u>\$ 77,652</u>	<u>\$ 54,230</u>	<u>\$ 23,422</u>
Service cost			
Service cost of the current period	376	-	376
Interest expenses/interest income	<u>918</u>	<u>657</u>	<u>261</u>
Recognized in income	<u>1,294</u>	<u>657</u>	<u>637</u>
Compensation for planned assets (in addition to the amount included in net interest)	-	4,666	(4,666)
Actuarial gain - changes in financial assumptions	(2,246)	-	(2,246)
Actuarial profit - experience adjustment	(<u>239</u>)	<u>-</u>	(<u>239</u>)
Recognized as Other comprehensive income	(<u>2,485</u>)	<u>4,666</u>	(<u>7,151</u>)
Employer contribution	-	4,127	(4,127)
Benefit paid	(<u>2,940</u>)	(<u>2,940</u>)	<u>-</u>
Balance on December 31, 2024	<u>\$ 73,521</u>	<u>\$ 60,740</u>	<u>\$ 12,781</u>

The amounts recognized in profit or loss for defined benefit plans are summarized by function as follows:

	2024	2023
Operating cost	\$ 120	\$ 129
Marketing expenses	215	232
Administrative expenses	202	205
R&D expenses	100	114
	<u>\$ 637</u>	<u>\$ 680</u>

The Company is exposed to the following risks as a result of the Labor Standards Law pension system.

1. Investment risk: The Bureau of Labor Fund of the Ministry of Labor invests labor pension funds in domestic (foreign) equity and debt securities and bank deposits through self-operation and entrusted management, but the Company's distributable amount of the plans' assets is the income calculated at not lower than the 2-year fixed deposit interest rate of the local bank.
2. Interest rate risk: A decrease in interest rates on government bonds/corporate bonds will increase the present value of the defined benefit obligation, with a corresponding increase in the return on investment in plan assets, both of which have a partially offsetting effect on the net defined benefit obligation.
3. Salary Risk: The present value of the defined benefit obligation is calculated by reference to the future salary of the plan member. Therefore, increases in plan members' salaries will result in an increase in the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligation was actuarially determined by a qualified actuary with the following significant assumptions as of the measurement date.

	December 31, 2024	December 31, 2023
Discount rate	1.60%	1.20%
Expected rate of salary increase	3.00%	3.00%

The amount by which the present value of the defined benefit obligation would increase (decrease) if there were reasonably possible changes in significant actuarial assumptions, respectively, with all other assumptions held constant, is as follows

	December 31, 2024	December 31, 2023
Discount rate		
0.25% increase	(\$ 1,357)	(\$ 1,536)
0.25% decrease	<u>\$ 1,393</u>	<u>\$ 1,579</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 1,379</u>	<u>\$ 1,558</u>
0.25% decrease	(\$ 1,351)	(\$ 1,523)

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation because the actuarial assumptions may be correlated and changes in only one assumption are not probable.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Amount expected to be withdrawn within 1 year	<u>\$ 3,212</u>	<u>\$ 3,270</u>
Average Period of Defined Benefit Obligation to maturity	7 years	8 years

23. Equity

(I) Share capital

1. Common stock

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Authorized number of shares (1000 shares)	<u>150,000</u>	<u>150,000</u>
Authorized share capital	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Number of issued shares fully paid for (1000 shares)	<u>114,516</u>	<u>103,756</u>
Capital of issued shares	<u>\$ 1,145,160</u>	<u>\$ 1,037,563</u>

The par value of each issued common share is NT\$10. Each share has one voting right and the right to receive dividends.

The change in the Company's share capital is mainly due to the exercise of conversion rights by the holders of convertible corporate bonds.

(II) Capital surplus

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Can be used to cover losses, issue cash or supplement share capital (1)</u>		
Premium from share issuance	\$ 22,142	\$ 22,142
Premium from convertible bond conversion	95,660	45,444
The conversion right shall be paid off at maturity	6,307	6,307
<u>can only be used to cover losses (2)</u>		
Changes in net equity of subsidiaries and joint ventures recognized under the equity method	265	265
<u>and cannot be used for any other purpose.</u>		
Conversion right	<u>-</u>	<u>6,609</u>
	<u>\$ 124,374</u>	<u>\$ 80,767</u>

1. Such capital surplus may be used to make up for losses, and may also be used to distribute cash or be allocate as share capital when the Company has no losses, provided that the share capital allocation is limited to a certain proportion of the paid-in capital each year.
2. For the investment under the equity method, the capital surplus due to the change of the Company's equity in subsidiaries shall not be used for any purpose other than making up losses.

(III) Retained earnings and dividend policy

According to the provisions of the earnings distribution policy in the Company's articles of association, if there is a surplus in the annual final accounts, taxes shall be paid in accordance with the law, and after making up the cumulative loss, 10% shall be set aside as the legal reserve, and the rest shall be appropriated as or reversed from special reserve according to laws and regulations. If there is still a balance, the board meeting shall formulate an earnings distribution proposal for it together with the cumulative unappropriated retained earnings, and submit it to the shareholders' meeting for a resolution to distribute dividends to shareholders. If the shareholder's dividend is paid in cash, the Board is authorized to resolve the distribution with the consent of over half of the attending Directors at a meeting attended by over two-thirds of Directors, and it shall be reported to the shareholders' meeting. Please refer to note 25(7) employees' remuneration and directors' and supervisors' remuneration for the distribution policy of employees' remuneration and directors' and supervisors' remuneration stipulated in the Articles of Association.

The company's products are diversified, its profits are stable, and its financial structure is sound. The dividend policy is based on the consideration of significant expansion plans and capital expenditures in the next few years. The board of directors shall propose the actual distribution to the shareholders' meeting according to the company's operating conditions. The distribution of dividends to shareholders shall be at least 50% of the distributable earnings of the current year after deducting the legal reserve and special reserve. The cash dividend shall account for more than 20% of the total amount of dividends, but if the cash dividend per share is less than NT\$0.5 (inclusive), it may be distributed in the form of a stock dividend instead. The legal reserve shall be allocated until its balance reaches the total paid-in share capital of the Company. The legal reserve may be used to make up for losses. When the Company has no loss, the part of the legal reserve exceeding 25% of the total paid-in share capital may be distributed in cash in addition to being appropriated as share capital.

The Company's proposal for earning distribution for 2023 and 2022 is as follows:

	2023	2022
Legal reserve	\$ 7,511	\$ 2,755
Special reserve reversed	\$ 1,502	(\$ 20,754)
Cash dividends	\$ 57,139	\$ 20,751
Cash dividend per share (NT\$)	\$ 0.55	\$ 0.2

The cash dividends have been decided to be distributed by the board meeting on March 15, 2024 and March 29, 2023, and the distribution of other earnings distribution items were resolved by the annual shareholders' meeting held on June 24, 2024 and June 26, 2023.

The Company's board meeting on March 12, 2025 proposed the following 2024 earnings distribution scheme:

	2024
Legal reserve	<u>\$ 16,676</u>
Special reserve reversed	<u>(\$ 33,365)</u>
Cash dividends	<u>\$ 114,516</u>
Cash dividend per share (NT\$)	<u>\$ 1</u>

The above-mentioned cash dividends have been decided to be distributed by board resolution, pending the resolution of the general shareholders' meeting expected to be held on May 29, 2025.

24. Revenue

	2024	2023
Revenue from goods sold	<u>\$ 1,316,899</u>	<u>\$ 1,258,549</u>

See Note 10 and Note 20 for contract balances.

25. Net profit of the current period

(1) Interest income

	2024	2023
Bank deposits	<u>\$ 1,913</u>	<u>\$ 6,311</u>
Others (note 31)	<u>1,065</u>	<u>530</u>
	<u>\$ 2,978</u>	<u>\$ 6,841</u>

(2) Other income

	2024	2023
Government subsidy income (note 28)	<u>\$ 10,301</u>	<u>\$ 22,766</u>
Management and technical service income	12,471	9,427
Dividend income	787	570
Rental income	205	201
Others	<u>2,116</u>	<u>4,449</u>
	<u>\$ 25,880</u>	<u>\$ 37,413</u>

(3) Other benefits and (loss)

	2024	2023
Net gain on financial assets measured at fair value through income statement	<u>\$ 2,237</u>	<u>\$ 2,886</u>
(Losses) gains from disposal of property, plant and equipment	(545)	967
Gain on lease modification	<u>14</u>	<u>-</u>
	<u>\$ 1,706</u>	<u>\$ 3,853</u>

(4) Financial cost

	2024	2023
Interest on bank loan	\$ 10,973	\$ 13,799
Convertible corporate bond interest (note 18)	1,246	1,873
Interest on lease liabilities	<u>60</u>	<u>52</u>
	<u>\$ 12,279</u>	<u>\$ 15,724</u>

(5) Depreciation and amortization

	2024	2023
Property, plant and equipment	\$ 40,942	\$ 39,655
Intangible assets	3,750	3,871
Right-of-use assets	1,711	2,089
Long-term prepaid expenses	<u>-</u>	<u>175</u>
	<u>\$ 46,403</u>	<u>\$ 45,790</u>

Depreciation expenses
summary by function

Operating cost	\$ 29,646	\$ 29,892
Operating expenses	<u>13,007</u>	<u>11,852</u>
	<u>\$ 42,653</u>	<u>\$ 41,744</u>

Amortized expenses summary
by function

Operating cost	\$ 79	\$ 179
Operating expenses	<u>3,671</u>	<u>3,867</u>
	<u>\$ 3,750</u>	<u>\$ 4,046</u>

Please refer to Note 15 for the allocation of amortization expenses of intangible assets to each single line item.

(6) Employee benefits

	2024	2023
Short-term employee benefits		
Salary expense	\$ 207,606	\$ 192,475
Labor and health insurance expenses	<u>18,192</u>	<u>17,726</u>
	<u>225,798</u>	<u>210,201</u>

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	2024	2023
Post-employment benefits		
Defined contribution plan	\$ 8,627	\$ 8,235
Defined benefit plan (Note 22)	<u>637</u>	<u>680</u>
	<u>9,264</u>	<u>8,915</u>
Other employee benefits	<u>15,760</u>	<u>12,858</u>
Total employee benefit expenses	<u>\$ 250,822</u>	<u>\$ 231,974</u>
Summary by function		
Operating cost	\$ 71,741	\$ 68,417
Operating expenses	<u>179,081</u>	<u>163,557</u>
	<u>\$ 250,822</u>	<u>\$ 231,974</u>

(7) Remuneration payable to employees, directors and supervisors

In accordance with the Articles of Association, based on the net profit before tax of the current year and before the distribution of the employees' remuneration and the directors' and supervisors' remuneration, the Company allocates 1% to 10% as the employees' remuneration and no more than 3% as the directors' and supervisors' remuneration after making up the losses. The resolutions on the employees' remuneration and directors' and supervisors' remuneration for 2024 and 2023 by the board meeting on March 12, 2025 and March 15, 2024 are as follows:

Estimated proportion

	2024	2023
Employees' remuneration	6%	6.00%
Directors and supervisors' remuneration	2%	2.64%

Amount

	Cash	
	2024	2023
Employees' remuneration	\$ 10,704	\$ 6,354
Directors and supervisors' remuneration	3,568	2,800

If there is any change in the amount of the annual individual financial statements after the date of issuance, it shall be handled according to the change in accounting estimates and recorded in the next year.

There is no difference between the actual distribution amount of employees' remuneration and directors' and supervisors' remuneration in 2023 and 2022 and the amount recognized in the individual financial statements in 2023 and 2022.

For information on the employees' remuneration and directors' and supervisors' remuneration resolved by the board of directors' meetings, please visit "MOPS" of the Taiwan Stock Exchange.

26. Income tax

(1) Major components of income tax expense recognized in profit or loss

	2024	2023
Income tax of the current period		
Generated in the current period	\$ 23,532	\$ 17,774
Surtax on undistributed earnings	448	1,240
Adjustment for previous years	(4,138)	(4,545)
	<u>19,842</u>	<u>14,469</u>
Deferred income tax		
Generated in the current period	(10,817)	11,874
Adjustment for previous years	(5,941)	(6,055)
	<u>(16,758)</u>	<u>5,819</u>
Income tax expenses recognized in income	<u>\$ 3,084</u>	<u>\$ 20,288</u>

The adjustment of accounting income to income tax expense is as follows:

	2024	2023
Net profit before tax	<u>\$ 164,123</u>	<u>\$ 96,754</u>
Income tax expense on net income before income tax at statutory tax rate (20%)	\$ 32,825	\$ 19,351
Non-deductible expenses for tax purposes	6,675	9,824
Surtax on undistributed earnings	448	1,240
Tax exempt income	(605)	(1,356)
Unrecognized deductible temporary differences	(32,223)	-
Adjustment of income tax for previous years	(10,079)	(10,600)
Others	<u>6,043</u>	<u>1,829</u>
Income tax expenses recognized in income	<u>\$ 3,084</u>	<u>\$ 20,288</u>

(2) Income tax recognized in other comprehensive income

	2024	2023
<u>Deferred income tax</u>		
Generated in the current period		
-Remeasurements of defined benefits plans	(\$ 1,430)	\$ 338
-Conversion of foreign operating organizations	(8,341)	375
	<u>(\$ 9,771)</u>	<u>\$ 713</u>

(3) Current income tax liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current income tax liabilities		
Income tax payable	<u>\$ 14,493</u>	<u>\$ 25,350</u>

(4) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities:

2024

	<u>Beginning balance</u>	<u>Recognized in income</u>	<u>Recognized as Other comprehensive income</u>	<u>Ending balance</u>
<u>Deferred income tax assets</u>				
Temporary differences				
Gross profit on unrealized sales	\$ 655	\$ 209	\$ -	\$ 864
Actuarial profit and loss	2,587	-	(1,430)	1,157
Provision for loss	3,036	(693)	-	2,343
Provisions for loss from inventory falling price and dead stock	2,680	1,458	-	4,138
Exchange differences in foreign operating organizations	15,722	-	(8,341)	7,381
Others	<u>3,929</u>	<u>(2,088)</u>	<u>-</u>	<u>1,841</u>
	<u>\$ 28,609</u>	<u>(\$ 1,114)</u>	<u>(\$ 9,771)</u>	<u>\$ 17,724</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Investment under the equity method	\$ 61,270	(\$ 18,570)	\$ -	\$ 42,700
Provision for land appreciation tax	9,558	-	-	9,558
Defined benefit retirement plan	<u>3,145</u>	<u>698</u>	<u>-</u>	<u>3,843</u>
	<u>\$ 73,973</u>	<u>(\$ 17,872)</u>	<u>\$ -</u>	<u>\$ 56,101</u>

2023

	<u>Beginning balance</u>	<u>Recognized in income</u>	<u>Recognized as Other comprehensive income</u>	<u>Ending balance</u>
<u>Deferred income tax assets</u>				
Temporary differences				
Gross profit on unrealized sales	\$ 1,995	(\$ 1,340)	\$ -	\$ 655
Actuarial profit and loss	2,249	-	338	2,587
Provision for loss	5,491	(2,455)	-	3,036
Provisions for loss from inventory falling price and dead stock	4,518	(1,838)	-	2,680
Exchange differences in foreign operating organizations	15,347	-	375	15,722
Others	<u>3,054</u>	<u>875</u>	<u>-</u>	<u>3,929</u>
	<u>\$ 32,654</u>	<u>(\$ 4,758)</u>	<u>\$ 713</u>	<u>\$ 28,609</u>

Deferred income tax liabilities

Temporary differences

Investment under the equity method	\$ 60,893	\$ 377	\$ -	\$ 61,270
Provision for land appreciation tax	9,558	-	-	9,558
Defined benefit retirement plan	2,461	684	-	3,145
	<u>\$ 72,912</u>	<u>\$ 1,061</u>	<u>\$ -</u>	<u>\$ 73,973</u>

(5) Approved income tax situation

The Company's filing of income tax for profit-seeking enterprise has been approved by the tax collection authority up to 2022.

27. Earnings per share

Unit: NT\$ per share

	2024	2023
Basic earnings per share	<u>\$ 1.50</u>	<u>\$ 0.74</u>
Diluted earnings per share	<u>\$ 1.41</u>	<u>\$ 0.68</u>

The earnings used for calculating earnings per share and weighted average number of common shares are as follows:

Net profit of the current period

	2024	2023
Net profit used to calculate basic earnings per share	\$ 161,039	\$ 76,466
Effect of potential common stock with dilution:		
After-tax interest on convertible bonds	997	1,498
After-tax evaluation loss of convertible bond put/call rights	-	40
Net profit used to calculate diluted earnings per share	<u>\$ 162,036</u>	<u>\$ 78,004</u>

Number of shares Unit: thousand shares

	2024	2023
To calculate the weighted average number of shares of common stock for basic earnings per share	107,479	103,756
Effect of potential common stock with dilution:		
Corporate bond conversion	7,099	10,594
Employees' remuneration	654	416
To calculate the weighted average number of shares of common stock for diluted earnings per share	<u>115,232</u>	<u>114,766</u>

If the Company has the option to pay employees' remuneration in shares or cash, the calculation of diluted earnings per share is based on the assumption that the employees' remuneration will be issued in shares, and the weighted average number of outstanding shares will be included in the calculation of diluted earnings per share when the potential common shares are diluted. When calculating the diluted earnings per share before the issuance of employees' remuneration shares in the next annual resolution, the dilution effect of such potential common shares shall also be considered.

28. Government subsidy

The Company recognized subsidy income of NT\$9,819 thousand and NT\$21,998 thousand in 2024 and 2023 according to the subsidy approval letters of Gong-Yen-Cai-Zi No. 1130024064 from the ITRI and Ji-Zi No. 1120004265 from the SMECF due to the implementation of the low-carbon transformation promotion project for the petrochemical industry and R&D innovation project consigned by the Ministry of Economic Affairs in November 2024 and May 2023.

29. Capital risk management

The purpose of the Company's capital management policy is to protect the Company's ability to continue as a going concern in order to provide returns to shareholders and benefits to other equity holders as much as possible. To ensure that the above objectives are achieved, the Company must maintain a large amount of capital to meet the needs of the expansion and upgrading of plant and equipment. Therefore, the capital management of the Company is to ensure that necessary financial resources and operation plans are available to meet the needs of working capital, capital expenditure, research and development costs, debt repayment and dividend expenditure in the next 12 months. The Company is not subject to other external capital requirements.

30. Financial Instruments

- (1) Fair value information - financial instruments not measured at fair value (December 31, 2024: None)

December 31, 2023

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial liability</u>					
Financial liabilities measured at cost after amortization					
- Second domestic secured convertible corporate bonds	\$ 149,958	\$ -	\$ 149,803	\$ -	\$ 149,803

In addition to the above, the management of the Company believes that the book value of financial assets and financial liabilities not measured at fair value approaches their fair value or their fair value cannot be reliably measured.

- (2) Fair value information - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2024

Level 1	Level 2	Level 3	Total
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Financial assets at fair value
through profit or loss

Limited partnership funds	\$ -	\$ -	\$ 37,791	\$ 37,791
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December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Limited partnership funds	\$ -	\$ -	\$ 23,476	\$ 23,476

There was no transfer between Level 1 and Level 2 fair value measurements in 2024 and 2023.

2. Adjustment of financial instruments measured at level 3 fair value

2024

Financial asset	Measured at fair value through profit and loss	
	Derivatives	Limited partnership funds
Beginning balance	\$ -	\$ 23,476
Purchase	-	12,840
Recognized in income	-	2,237
Disposal	-	(762)
Ending balance	\$ -	\$ 37,791

2023

Financial asset	Measured at fair value through profit and loss	
	Derivatives	Limited partnership funds
Beginning balance	\$ 50	\$ 13,727
Purchase	-	7,000
Recognized in income	(50)	2,936
Disposal	-	(187)
Ending balance	\$ -	\$ 23,476

3. Evaluation technology and input value of level 3 fair value measurement

- (1) The fair value of derivative instruments - put/call options is estimated by using the binary tree convertible bond evaluation model, and the significant unobservable input value is the stock price volatility. When volatility in stock price increases, the fair value of such derivative instruments increases relatively.
- (2) Domestic TWSE and TPEx unlisted stocks and limited partnership funds are evaluated using the asset method, and their fair value is determined by reference to the latest net value of the investee companies/investment objects and the financial and operating conditions of the observable companies; the fair value of such investments will increase as the liquidity discount decreases.

(3) Types of financial instruments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial asset</u>		
Measured at fair value through profit and loss	\$ 37,791	\$ 23,476
Measured at cost after amortization (note 1)	577,647	579,251
<u>Financial liability</u>		
Measured at cost after amortization (note 2)	914,306	997,942

Note 1: Balance refers to financial assets measured at cost after amortization, including cash and cash equivalents, financial assets measured at cost after amortization - non-current, notes receivable, accounts receivable (including those of related parties), other receivables (including those of related parties, excluding tax refunds receivable) and refundable deposits.

Note 2: The balance is composed of financial liabilities at amortized cost, including short-term borrowings, notes payable, accounts payable (including related parties), other payables (including related parties), bonds payable (including current portion), and long-term borrowings (including current portion).

(4) Purpose and policy of financial risk management

The main financial instruments of the Company include equity investment, accounts receivable, accounts payable, corporate bonds payable, loans and lease liabilities. The financial management department of the Company provides services for all business units, coordinates the entry into domestic and international financial markets, and supervises and manages the financial risks related to the operation of the consolidated company by analyzing the internal risk report of the exposure according to the risk level and breadth. These risks include market risk (including exchange rate risk, interest rate risk, and other price risk), credit risk and liquidity risk.

1. Market risk

The main financial risk caused by the operating activities of the Company to the consolidated company are the foreign currency exchange rate change risk (refer to (1) below) and the interest rate change risk (refer to (2) below).

(1) Exchange rate risk

Part of the cash inflow and outflow of the Company is in foreign currency, so it has the effect of natural hedging; the exchange rate risk management of the Company is for the purpose of hedging, not for the purpose of profit.

Please refer to note 34 for the book value of monetary assets and monetary liabilities of the Company denominated in non-functional currency on the balance sheet date.

Sensitivity analysis

The Company is mainly affected by the exchange rate fluctuations of US dollar, EUR and RMB.

The Table below details the sensitivity analysis of the Company when the exchange rate of New Taiwan Dollar (functional currency) changes 1% against relevant foreign currencies. The sensitivity analysis only includes the monetary items that are in circulation, and the conversion at the end of the period is adjusted by 1% of the exchange rate change. The positive number in the Table below refers to the amount that will reduce the pre-tax net loss/increase the pre-tax net profit when the New Taiwan Dollar depreciates by 1% relative to each related foreign currency; when the New Taiwan Dollar appreciates by 1% relative to each related foreign currency, its impact on the pre-tax net profit will be a negative number of the same amount.

	The effect of USD/RMB/EUR (note)	
	2024	2023
Profit and loss	\$ 2,946	\$ 3,310

Note: It mainly comes from the consolidated company's cash and cash equivalents, accounts receivable, other receivables, short-term loans, accounts payable and other payables denominated in foreign currencies that are still outstanding on the balance sheet date without cash flow hedging.

The management believes that the sensitivity analysis cannot represent the inherent risk of exchange rate, because the foreign currency exposure on the balance sheet date cannot reflect the medium-term exposure. Therefore, the management will still conduct exchange rate risk management in accordance with the policies of the Company.

(2) Interest rate risk

Interest rate exposure is caused by the fact that entities in the Company borrow funds at fixed and floating rates and hold current and foreign currency bank deposits. The management of the Company shall regularly monitor the interest rate risk. If required, necessary measures shall be taken for significant interest rate risks to control risks arising from the change of market interest rate.

The carrying amounts of the financial assets and financial liabilities of the Company subject to interest rate exposure on the balance sheet date are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Interest rate risks with fair value		
- Financial assets	\$ 96,214	\$ 92,788
- Financial liabilities	499,141	540,396
Interest rate risks with cash flow		
- Financial assets	157,054	180,129
- Financial liabilities	150,953	203,493

Sensitivity analysis

The following sensitivity analysis is based on the interest rate exposure of non-derivative instruments on the balance sheet date. For floating rate assets and liabilities, it is assumed that the amount of assets and liabilities outstanding on the balance sheet date is also outstanding during the reporting period.

If the interest rate increases/decreases by 0.1%, and all other variables remain unchanged, the net profit before tax of the Company in 2024 and 2023 will increase/decrease by NT\$6 thousand and decrease/increase by NT\$23 thousand, respectively; this is mainly due to the risk of interest rate risk exposure of the floating rate assets and liability rates of the Company.

2. Credit risk

Credit risk refers to the risk of financial loss of the Company caused by default of contractual obligations of the counterparty. As of the balance sheet date, the maximum credit risk exposures (excluding collateral or other credit enhancement tools, and the maximum amount of irrevocable exposure) of the Company that may cause financial losses due to the failure of the counterparty and the financial guarantee provided by the Company mainly come from:

- (1) Book value of financial assets recognized in the individual balance sheet.
- (2) The maximum amount that the Company may be required to pay for the provision of financial guarantees, regardless of the likelihood of occurrence.

Operation related credit risk and financial credit risk are managed separately.

Operation related credit risk

In order to maintain the quality of accounts receivable, the Company has established operations related procedures for credit risk management.

The risk assessment of an individual customer is to consider many factors that may affect the customer's ability to pay, including the customer's financial status, the credit rating by credit rating agencies, the Company's internal credit rating, the historical transaction records and current economic conditions. The Company will also use certain credit enhancement tools, such as advance payment, at the appropriate time to reduce the credit risk of specific customers.

Financial credit risk

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the financial department of the Company. Since the trading partners and performing parties of the Company are all banks and financial institutions with good credit, company organizations and government agencies which have no significant performance concern, there is no significant credit risk.

3. Liquidity risk

The objective of the Company on the management of the liquidity risk is to maintain the cash and cash equivalents, high liquidity securities and sufficient bank credit facilities required for operation, so as to ensure that the Company has sufficient financial flexibility.

The Company shall regularly review the inventory level, turnover rate of various types of inventory, credit conditions of customers and turnover rate of accounts receivable to control the size of working capital. The cash and cash equivalent level of the group remains moderately loose, and funds are raised in advance according to capital demand and a low debt ratio and financial flexibility are maintained, so as to effectively control the liquidity risk.

(1) Statement of liquidity and interest rate risk of non-derivative financial liabilities

The maturity analysis of the remaining contracts of non-derivative financial liabilities is based on the undiscounted cash flow (including principal and estimated interest) of financial liabilities on the earliest possible repayment date of the Company. Therefore, the series of bank loans that the Company may be required to repay immediately shall not take into account the probability of the bank executing the right immediately in the earliest period in the table below; the maturity analysis of other non-derivative financial liabilities shall be prepared according to the agreed repayment date.

December 31, 2024

	Less than 1 month	1~3 months	3 months ~ 1 year	1 to 5 years	More than 5 years	Total
<u>Non-derivative financial liabilities</u>						
No-interest bearing liabilities	\$ 57,776	\$ 125,473	\$ 97,904	\$ 693	\$ -	\$ 281,846
Lease liabilities	136	271	1,195	1,604	-	3,206
Floating rate liabilities	-	8,528	25,472	84,194	43,376	161,570
Fixed rate liabilities	90,103	160,552	249,090	-	-	499,745
	<u>\$ 148,015</u>	<u>\$ 294,824</u>	<u>\$ 373,661</u>	<u>\$ 86,491</u>	<u>\$ 43,376</u>	<u>\$ 946,367</u>

December 31, 2023

	Less than 1 month	1~3 months	3 months ~ 1 year	1 to 5 years	More than 5 years	Total
<u>Non-derivative financial liabilities</u>						
No-interest bearing liabilities	\$ 79,368	\$ 111,691	\$ 90,782	\$ -	\$ -	\$ 281,841
Lease liabilities	153	248	680	1,409	-	2,490

Floating rate liabilities	-	12,430	37,185	109,332	58,287	217,234
Fixed rate liabilities	80,069	100,152	361,304	-	-	541,525
	<u>\$ 159,590</u>	<u>\$ 224,521</u>	<u>\$ 489,951</u>	<u>\$ 110,741</u>	<u>\$ 58,287</u>	<u>\$1,043,090</u>

(2) Credit facilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Bank credit facilities		
- Amount used	\$ 722,586	\$ 845,113
- Amount unused	<u>525,367</u>	<u>776,880</u>
	<u>\$ 1,247,953</u>	<u>\$ 1,621,993</u>

31. Related party transactions

Except as disclosed in other notes, significant transactions between the Company and its related parties are as follows.

(1) Name and relationship of related parties

<u>Name of related party</u>	<u>Relationship with the Company</u>
Adhesive Technologies, Inc. (Adhesive Technologies)	Corporate director of the Company
Wuxi More Tex Technology Co., Ltd.	Joint venture before the disposal in September 2023
Tex Year Industrial Adhesives Pvt. Ltd. (Tex Year Industrial Adhesives)	Joint venture
Tex Year Technologies India Private Limited (Tex Year Technologies India)	Subsidiary under joint investments
Wood Glue Industrial Co., Ltd.	The chairman of the company is a director of this company.
JPT Cooperation	The chairman of the company is a director of this company.
Vic Hung Petroleum Chemical Co., Ltd	The chairman of the company is a director of our Company.
Tex Year Fine Chemical (Guangzhou) Co., Ltd. (Tex Year Guangzhou)	Subsidiary
Wuxi Tex Year International Trading Co., Ltd.	Subsidiary
Tex Year Technology (Jiangsu) Co., Ltd. (Tex Year Jiangsu)	Subsidiary
Tex Year Europe Sp. z o.o. (Tex Year Europe)	Subsidiary
Tex Year (Hong Kong) Ltd. (Tex Year (Hong Kong))	Subsidiary
Tex Year Vietnam Co., Ltd. (Tex Year Vietnam)	Subsidiary
Shanghai C&M Filtration Solutions Limited	Subsidiary
Tex Year Minima Technology Inc.	Subsidiary
Tex Year Minima Technology Europe Sp. z o. o. (Tex Year Minima Technology)	Subsidiary

(2) Operating income

<u>Account items</u>	<u>Category/name of related party</u>	<u>2024</u>	<u>2023</u>
Sales revenue	Subsidiary		

Tex Year	\$ 103,068	\$ 77,982
Guangzhou		
Tex Year (Hong Kong)	25,410	36,001
Tex Year Europe	27,672	15,162
Others	<u>12,098</u>	<u>6,455</u>
	168,248	135,600
Corporate director of the Company		
Adhesive Technologies	82,701	68,608
Joint venture		
Tex Year Industrial Adhesives	25,531	23,040
Subsidiary under joint investments	2,845	-
The chairman of the company is a director of this company.	2	-
Other related parties	<u>5</u>	<u>-</u>
	<u>\$ 282,886</u>	<u>\$ 227,248</u>

For related parties, except part of the products which have the same selling prices as those of general customers, the selling prices of other products are increased by a certain proportion according to the product type and cost and based on the individual credit conditions of related parties.

(3) Purchase

Category/name of related party	2024	2023
Subsidiary		
Tex Year Vietnam	\$ 34,715	\$ 37,666
Tex Year Guangzhou	56,552	30,659
Tex Year Jiangsu	11,795	12,882
Others	<u>737</u>	<u>4,840</u>
	103,799	86,047
Joint venture	-	185
The chairman of the company is a director of this company.	<u>16</u>	<u>26</u>
	<u>\$ 103,815</u>	<u>\$ 86,258</u>

For related parties, except part of the products which have the same selling prices as those of general customers, the selling prices of other products are increased by a certain proportion.

(4) Receivables from related parties

Account items	Category/name of related party	December 31, 2024	December 31, 2023
Accounts receivable due from related parties	Subsidiary		
	Tex Year (Hong Kong)	\$ 8,231	\$ 14,924
	Tex Year Europe	15,190	13,821
	Tex Year Guangzhou	23,483	7,146
	Others	<u>5,412</u>	<u>2,172</u>
		52,316	38,063
	Corporate director of the Company		
	Adhesive Technologies	23,686	42,938
	Joint venture		
	Tex Year Industrial Adhesives	16,265	13,876
	Subsidiary under joint investments	<u>2,872</u>	<u>-</u>
		<u>\$ 95,139</u>	<u>\$ 94,877</u>

For sales to the Company's corporate directors, the Company's terms of payment are 90 days T/T on delivery; for sales to subsidiaries, the Company's terms of payment are 120 days per month; for sales to joint ventures and related parties, the Company's terms of payment are 90 days T/T on delivery.

No guarantee was collected for outstanding amounts receivable from related parties, and a loss allowance for the amounts receivable from related parties in the amount of NT\$516 thousand and NT\$263 thousand were recognized in 2024 and 2023

(5) Payables to related parties

Account items	Category/name of related party	December 31, 2024	December 31, 2023
Accounts payable - related parties	Subsidiary		
	Tex Year Vietnam	\$ 8,894	\$ 14,041
	Tex Year Guangzhou	15,951	9,482
	Tex Year Jiangsu	6,639	5,085
	Others	<u>-</u>	<u>97</u>
		31,484	28,705
	The chairman of the company is a director of this company.	<u>-</u>	<u>14</u>
		<u>\$ 31,484</u>	<u>\$ 28,719</u>

The payment terms are 120 days per month for purchases from a subsidiary and 60 days per month for purchases from a company whose chairman is a director of the Company.

Guarantees for the balance of outstanding payables to related parties are not collected.

(6) Loans to related parties

<u>Category/name of related party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiary		
Tex Year Europe	<u>\$ 51,165</u>	<u>\$ 20,442</u>

Interest income

<u>Category/name of related party</u>	<u>2024</u>	<u>2023</u>
Subsidiary		
Tex Year Europe	\$ 1,065	\$ 86
Tex Year Jiangsu	<u>-</u>	<u>444</u>
	<u>\$ 1,065</u>	<u>\$ 530</u>

All the Company's loans to subsidiaries are unsecured loans with an interest rate equivalent to the market interest rate. In addition, the Company's loans to Tex Year Jiangsu in the amount of RMB17,500 thousand were retrieved in advance in June 2023.

(7) Endorsements and guarantees

Endorsements/guarantees for others

<u>Category/name of related party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiary under joint investments		
Tex Year Technologies		
India		
Secured by property	\$ 50,465	\$ 49,425
Actual drawdown amount	(<u>50,465</u>)	(<u>49,425</u>)
	<u>\$ -</u>	<u>\$ -</u>
Subsidiary		
Tex Year Guangzhou		
Secured by property	\$ 58,175	\$ 56,186
Actual drawdown amount	(<u>13,321</u>)	(<u>18,397</u>)
	<u>\$ 44,854</u>	<u>\$ 37,789</u>
Tex Year Jiangsu		
Secured by property	\$ 89,500	\$ 95,084
Actual drawdown amount	(<u>17,201</u>)	(<u>25,501</u>)
	<u>\$ 72,299</u>	<u>\$ 69,583</u>

(Continue)

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<u>Category/name of related party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Tex Year Europe		
Secured by property	\$ 63,104	\$ 51,105
Actual drawdown amount	(57,987)	(47,698)
	<u>\$ 5,117</u>	<u>\$ 3,407</u>
Others		
Secured by property	\$ 55,762	\$ 52,401
Actual drawdown amount	(12,069)	(5,695)
	<u>\$ 43,693</u>	<u>\$ 46,706</u>

(8) Others

The balance of other receivables from related parties (excluding loans to related parties) on the balance sheet date is as follows:

<u>Category/name of related party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiary		
Tex Year Europe	\$ 661	\$ 181
Tex Year Minima		
Technology	1,168	4,214
Others	<u>3,889</u>	<u>4,170</u>
	5,718	8,565
Joint venture		
Tex Year Industrial		
Adhesives	736	5,266
Subsidiary under joint investments	<u>24</u>	<u>-</u>
	<u>\$ 6,478</u>	<u>\$ 13,831</u>

Other receivables are payments, equipment payments on behalf of others, and advances on behalf of others for the Company to provide technical management services. A loss allowance of NT\$196 thousand and NT\$5 thousand was made for other receivables from related parties in 2024 and 2023, respectively.

The balance of other payables to related parties on the balance sheet date is as follows:

<u>Category/name of related party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
The chairman of the company is a director of this company.	<u>\$ 24</u>	<u>\$ 39</u>

Other income:

Category/name of related party	2024	2023
Subsidiary		
Tex Year Minima Technology	\$ -	\$ 3,169
Tex Year Vietnam	3,206	3,108
Tex Year (Hong Kong)	1,196	2,068
Tex Year Guangzhou	4,847	-
Tex Year Jiangsu	2,154	-
Others	60	60
	<u>11,463</u>	<u>8,405</u>
Joint venture		
Tex Year Industrial Adhesives	1,008	1,022
	<u>\$ 12,471</u>	<u>\$ 9,427</u>

Other income is mainly income from the provision of technical management services to subsidiaries and joint ventures and is recorded as management and technical service fees.

(9) Proceeds from disposal of property, plant and equipment

Category/name of related party	Disposal (loss) gain	
	2024	2023
Subsidiary under joint investments		
Tex Year Technologies India	\$ -	\$ 3,669
	<u>\$ -</u>	<u>\$ 943</u>

(10) Remuneration of key management

	2024	2023
Short-term employee benefits	\$ 41,064	\$ 32,912
Post-employment benefits	1,924	1,790
	<u>\$ 42,988</u>	<u>\$ 34,702</u>

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

32. Pledged assets

The following assets of the Company have been provided as collateral for bank loans:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Land	\$ 91,041	\$ 91,041
Non-current financial assets at amortized cost	39,425	40,000
Houses and buildings - net	<u>270,162</u>	<u>278,092</u>
	<u>\$ 400,628</u>	<u>\$ 409,133</u>

33. Significant contingent liabilities and unrecognized contractual commitments

Except as stated in other notes, the Company has the following major commitments and contingencies on the balance sheet date:

- (1) As of December 31, 2024 and 2023, the Company had issued unused letters of credit of NT\$9,534 thousand and NT\$17,146 thousand, respectively.

34. Information on foreign currency financial assets and liabilities with significant impact

The following information is summarized and expressed in foreign currencies other than the functional currencies of each entity of the Company. The disclosed exchange rate refers to the exchange rate converted from such foreign currencies to the functional currencies. Foreign currency assets and liabilities with significant impact are as follows:

December 31, 2024

	<u>Foreign currency</u>	<u>Exchange rate</u>		<u>Carrying amount</u>
Foreign currency assets				
<u>Monetary items</u>				
USD	\$ 5,999	32.7100	(USD: NT\$)	\$ 196,233
EUR	3,059	34.1100	(EUR: NT\$)	104,341
JPY	206,294	0.2075	(JPY: NT\$)	42,806
RMB	8,635	4.4750	(RMB: NT\$)	38,641
GBP	43	41.1400	(GBP: NT\$)	1,786
				<u>\$ 383,807</u>
<u>Non-monetary items</u>				
Investment using equity method				
VND	60,517,692	0.0013	(VND: NTD)	\$ 78,673
INR	126,682	0.3835	(INR: NT\$)	48,583
HKD	23,946	4.2170	(HKD: NTD)	100,981
PLN	15,854	7.9793	(PLN: NTD)	126,505
				<u>\$ 354,742</u>

(Continue)

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	Foreign currency	Exchange rate		Carrying amount
Foreign currency liabilities				
<u>Monetary items</u>				
USD	1,294	32.7100	(USD: NT\$)	\$ 42,340
JPY	7,232	0.2075	(JPY: NT\$)	1,501
RMB	509	4.4750	(RMB: NT\$)	2,277
GBP	48	41.1400	(GBP: NT\$)	1,965
				<u>\$ 48,083</u>

December 31, 2023

	Foreign currency	Exchange rate		Carrying amount
Foreign currency assets				
<u>Monetary items</u>				
USD	\$ 8,066	30.7100	(USD: NT\$)	\$ 247,713
EUR	1,503	34.0700	(EUR: NT\$)	51,216
JPY	9,683	0.2173	(JPY: NT\$)	2,104
RMB	16,447	4.3320	(RMB: NT\$)	71,084
GBP	71	39.1676	(GBP: NT\$)	2,794
PLN	400	7.8359	(PLN: NTD)	3,134
				<u>\$ 378,045</u>
<u>Non-monetary items</u>				
Investment using equity method				
VND	55,895,385	0.0013	(VND: NTD)	\$ 72,664
INR	100,994	0.3693	(INR: NT\$)	37,297
HKD	22,503	3.9340	(HKD: NTD)	88,527
PLN	15,169	7.8359	(PLN: NTD)	118,469
				<u>\$ 316,957</u>
Foreign currency liabilities				
<u>Monetary items</u>				
USD	1,173	30.7100	(USD: NT\$)	\$ 36,016
JPY	9,493	0.2173	(JPY: NT\$)	2,063
RMB	689	4.3320	(RMB: NT\$)	2,978
GBP	95	39.1676	(GBP: NT\$)	3,714
				<u>\$ 44,771</u>

The realized and unrealized foreign currency exchange losses of the Company in 2024 and 2023 were gains of NT\$12,523 thousand and gains of NT\$2,883 thousand, respectively. Due to the wide variety of foreign currency transactions and functional currencies of the Company, it is impossible to disclose the exchange gains and losses by each foreign currency with significant impact.

35. Disclosures in Notes

- (1) Major transactions and (2) related information on reinvested enterprises:
 - 1. Loan of funds to others (Table 1)
 - 2. Endorsements/guarantees for others (Table 2)
 - 3. Securities held at the end of the period (excluding the equity of investee subsidiaries, affiliates and joint ventures) (Table 3)
 - 4. The cumulative purchase or sale of the same securities reaches NT\$300 million or 20% of the paid-in capital: None.
 - 5. The amount of real estate acquired reaches NT\$300 million or 20% of the paid-in capital: None.
 - 6. The amount of real estate disposed of reaches NT\$300 million or 20% of the paid-in capital: none.
 - 7. The amount of purchases and sales with related parties reaches NT\$100 million or 20% of the paid-in capital: (Table 4)
 - 8. Receivables from related parties reach NT\$100 million or more than 20% of the paid-in capital: None.
 - 9. Engagement in derivatives transactions: None.
 - 10. Information of invested company. (Table 5)
- (3) Mainland China Investment Information:
 - 1. Name of the invested company in mainland China, main business items, paid-in capital, investment method, capital emitted in and out, shareholding ratio, investment profit and loss, period-end investment book value, repatriated investment profit or loss and investment limit in mainland China (Table 6)
 - 2. Major transactions with the mainland China invested company directly or indirectly through a third region, and their prices, payment terms, unrealized profits and losses: (Schedule 1, Schedule 2, and Schedule 4)
 - (1) Purchase amount and percentage, and period-end balance and percentage of related payables.
 - (2) Amount and percentage of goods sold, and period-end balance and percentage of related receivables.
 - (3) The amount of asset transaction and the profit or loss arising therefrom.
 - (4) The period-end balance and the purpose of bill endorsement / guarantee or provision of collateral.
 - (5) The maximum balance of financing, the period-end balance, the interest rate range and the total interest of the current period.
 - (6) Other transactions that have a significant impact on the current income or financial position.
- (4) Information of major shareholders: names of shareholders with a shareholding ratio of more than 5%, the number of shares held and the percentage. (Table 7)

36. Segment Information

The Company's individual financial statements are prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and are exempt from the presentation of segment information under International Financial Reporting Standard No. 8.

Tex Year Industries Inc.
Loans of funds to others
2024

Table 1Unit: NT\$ thousand unless otherwise specified.

Serial No. (Note 1)	Lending company	Loan recipient	Transaction item (Note 2)	Related party or not	Maximum balance of the current period (Note 3)	Period-end balance (Note 8)	Actual drawdown amount (Note 9)	Interest rate range	Loan nature (Note 4)	Business transaction amount (note 5)	Reason for short-term financing (Note 6)	Provision for bad debts	Collateral		Loans and limits to individual objects (Note 7)	Loans and total limit (Note 7)	Remarks
													Name	Value			
0	Tex Year Industries Inc.	Tex Year Technology (Jiangsu) Co., Ltd.	Other receivables - related parties - other	Yes	\$ 35,000	\$ -	\$ -	2.5%~3%	Short term financing funds	\$ -	Operation turnover	\$ -	—	—	\$ 331,173	\$ 662,346	
0	Tex Year Industries Inc.	Tex Year Europe Sp. z o.o.	Other receivables - related party - other	Yes	71,000	71,000	51,165	2.5%~3%	Short term financing funds	-	Operation turnover	-	—	—	331,173	662,346	
1	Tex Year Technology (Samoa) Corp.	Tex Year Technology (Jiangsu) Co., Ltd.	Other receivables - related party - other	Yes	20,000	-	(EUR thousand 1,500) -	2.5%~3%	Short term financing funds	-	Operation turnover	-	—	—	1,035,540	1,035,540	

Note 1: The description of the number column is as follows:
(1) Fill in 0 for the issuer.
(2) Investee companies are numbered in sequence in each company type starting from Arabic numeral 1.

Note 2: This field must be filled in for accounts receivable from affiliated enterprises, receivables from related parties, transactions with shareholders, prepayments, temporary debits, etc. if the nature is loan to others.

Note 3: The maximum balance of loans to others in the current year.

Note 4: The loan nature shall be filled in if it is a business transaction or if there is a need for short-term financing.

Note 5: Where the nature of the loan is a business transaction, the amount of the business transaction shall be filled in. The business transaction amount refers to the amount of business transactions between the lending company and the loan recipient in the most recent year.

Note 6: If the nature of the loan is necessary for short-term financing, the reason for the loan and the purpose of the loan borrower shall be specified, such as loan repayment, purchase of equipment, business turnover, etc.

Note 7: In accordance with the Company’s Procedures for Loans to Others, the total amount of loans shall not exceed 50% of the Company’s net value, but the total amount of loans to others due to the need for short-term financing between companies or with firms shall not exceed 40% of the Company’s net value. The amount of individual loans to companies or firms that have the need for short-term financing shall not exceed 20% of the net value of the Company. When fund lending is needed due to short-term financing by a foreign company in which the Company directly or indirectly holds 100% of the voting shares, the loan amount is not subject to the restrictions above but shall not exceed the net value of the borrowing company. The limit of loans of Tex Year Technology (Samoa) Corp. is NT\$1,035,540 thousand, and the difference of NT\$2,658 thousand with the carrying amount held by the Company in Table 5 of NT\$1,032,882 thousand is gross profit on unrealized sales.

Note 8: If a public company submits its lending to the board of directors’ meeting for resolution one by one in accordance with paragraph 1, Article 14 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the amount of the resolution of the board of directors’ meeting shall be included in the announced balance to disclose the risks it bears before the funds are lent out; if the funds are repaid later, the balance after repayment shall be disclosed to reflect the adjustment of risks. If the board of directors’ meeting of a public company authorizes the chairman of the board to extend loans in several trenches or recycle the loan balance within a certain limit in a year in accordance with paragraph 2, Article 14 of the Regulations, the loan limit approved by the board of directors’ meeting shall still be used as the balance for the public announcement and declaration. Although the funds will be repaid later, other loans may still be extended again, so the loan limit approved by the board of directors’ meeting shall still be used as the balance for the public announcement and declaration.

Note 9: The conversion is based on the exchange rate of EUR as of December 31, 2024.

Tex Year Industries Inc.
Endorsements/guarantees for others
2024

Table 2

Unit: NT\$ thousand unless otherwise specified.

Serial No. (Note 1)	Endorsement guarantor company name	Endorsement/guarantee object		Limit of endorsements/ guarantees for a single enterprise (note 3)	Maximum balance of endorsements/guarant ees in the current period (note 4)	Ending balance of endorsements and guarantees (notes 5 and 8)	Actual drawdown amount (Note 6)	Endorsement/ guarantee amount secured by property	Accumulated endorsement/g uarantee Amount to Net value in the latest financial statements Percentage %	Maximum endorsement/guarant ee amount (Note 3)	Endorsem ents/guar antees of parent company to subsidiari es (Note 7)	Endorsem ents/guar antees of subsidiari es to parent company (Note 7)	Endorsem ents/guar antees for mainland China (Note 7)	Remarks
		Name	Relationship (Note 2)											
0	Tex Year Industries Inc.	Tex Year Fine Chemical (Guangzhou) Co., Ltd.	2	\$ 331,173	\$ 58,916 (RMB 13,000 thousand)	\$ 58,175 (RMB 13,000 thousand)	\$ 13,321 (USD 407 thousand)	\$ -	3.51%	\$ 827,933	Y	N	Y	
0	Tex Year Industries Inc.	Tex Year Technology (Jiangsu) Co., Ltd.	2	331,173	99,704 (RMB 22,000 thousand)	89,500 (RMB 20,000 thousand)	17,201 (USD 526 thousand)	-	5.41%	827,933	Y	N	Y	
0	Tex Year Industries Inc.	Tex Year Technologies India Private Limited	1	331,173	15,835 (USD 500 thousand)	15,770 (USD 500 thousand)	15,770 (USD 500 thousand)	-	0.95%	827,933	N	N	N	
0	Tex Year Industries Inc.	Tex Year Technologies India Private Limited	1	331,173	36,165 (EUR1,000 thousand)	34,695 (EUR1,000 thousand)	34,695 (EUR1,000 thousand)	39,425	2.10%	827,933	N	N	N	
0	Tex Year Industries Inc.	Tex Year Vietnam Co., Ltd.	2	331,173	54,186 (USD1,650 thousand)	53,972 (USD1,650 thousand)	10,279 (USD 314 thousand)	-	3.26%	827,933	Y	N	N	
0	Tex Year Industries Inc.	Tex Year Europe Sp. z o.o.	2	331,173	65,823 (EUR1,850 thousand)	63,104 (EUR1,850 thousand)	57,987 (EUR1,700 thousand)	-	3.81%	827,933	Y	N	N	
0	Tex Year Industries Inc.	Shanghai C&M Filtration Solutions Limited	2	331,173	1,813 (RMB400 thousand)	1,790 (RMB400 thousand)	1,790 (RMB400 thousand)	-	0.11%	827,933	Y	N	Y	
1	Tex Year Fine Chemical (Guangzhou) Co., Ltd.	Tex Year Technology (Jiangsu) Co., Ltd.	4	496,760	16,315 (RMB 3,600 thousand)	16,110 (RMB 3,600 thousand)	-	-	0.97%	827,933	N	N	Y	

Note 1: The description of the number column is as follows:

- (1) Fill in 0 for the issuer.
(2) Investee companies are numbered in sequence in each company type starting from Arabic numeral 1.

Note 2: There are 7 kinds of relations between the endorsement guarantor and the endorsement/guarantee object indicated as follows:

- (1) A company with business contacts.
(2) A company in which the Company directly or indirectly holds more than 50% of the voting shares.
(3) A company that directly or indirectly holds more than 50% of the voting shares of the Company.
(4) Between companies in which the Company directly or indirectly holds more than 90% of the voting shares.
(5) A company with mutual guarantees in accordance with the contract which is in the same industry or a joint producer for the purpose of contracting the project.
(6) A company that has been endorsed/guaranteed by all the contributing shareholders in accordance with their shareholding ratios due to a joint investment relationship.
(7) Joint and several guarantees for the performance of a contract for the sale of pre-sold houses among companies in the same industry in accordance with the provisions of the Consumer Protection Act.

Note 3: The Company's "Procedures for Endorsements/Guarantees" stipulates that the total amount of external endorsements/guarantees shall not exceed 50% of the Company's net value, and the limit of endorsements/guarantees for a single enterprise is 20% of the Company's net value; for subsidiaries in which the Company directly or indirectly holds 100% of the shares, the limit is 30% of the Company's net value.

Note 4: The maximum balance of endorsements/guarantees for others in the current year.

Note 5: The amount approved by the board of directors' meeting shall be filled in. However, if the board of directors' meeting authorizes the chairman of the board to make a decision in accordance with paragraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies, it refers to the amount decided by the chairman of the board.

Note 6: The actual amount of the Company's disbursement within the range of using the balance of the endorsements/ guarantees shall be entered.

Note 7: Y is required only for those which are endorsements/guarantees of a listed parent company to subsidiaries, endorsements/guarantees of subsidiaries to a listed parent company, and endorsements/guarantees in mainland China.

Note 8: It is converted according to the exchange rate between RMB, USD and EUR as of December 31, 2024.

Tex Year Industries Inc.
Securities held at the end of the period
December 31, 2024

Table 3Unit: NT\$ thousand unless otherwise specified.

Holding company	Types and names of securities (note 1)	Relationship with the securities issuer (note 2)	Account items	End of period				Remarks
				Number of units/number of shares (1000 shares)	Book amount (note 3)	Shareholding ratio (%)	Fair value	
Tex Year Industries Inc.	Acute Touch Technology Co., Ltd	-	Non-current financial assets at fair value through other comprehensive income	1,500	\$ -	3.00%	\$ -	Note 4
Tex Year Industries Inc.	Innolux Limited Partnership	-	Non-current financial assets at fair value through profit or loss	-	24,853	1.75%	24,853	Note 4
Tex Year Industries Inc.	Innolux Limited Partnership II	-	Non-current financial assets at fair value through profit or loss	-	12,938	0.85%	12,938	Note 4

Note 1: The term “securities” in this table refers to the stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of IFRS 9 “Financial instruments.”
Note 2: If the issuer of securities is not a related party, this column is not required to be filled in.
Note 3: If measured at fair value, the book amount is the book balance after adjustment of fair value evaluation and deduction of loss provision; if not measured at fair value, the book amount is the book balance of cost after amortization (after deduction of loss provision).
Note 4: There is no pledge.
Note 5: Please refer to attached Schedules 5 and 6 for information on investment in subsidiaries, affiliated enterprises and equity joint ventures.

Tex Year Industries Inc.

The amount of goods purchased or sold with related parties is NT\$100 million or more than 20% of the paid-in capital:

2024

Table 4

Unit: NT\$ thousand unless otherwise specified.

Purchase (Sales) company	Transaction counterparty	Relationship	Transaction situation				Trading conditions are different from normal trading Situation and reasons		Accounts and notes receivable (payable)		Remarks
			Purchase (Sales)	Amount	Amounted to purchase (sales) Percentage %	Credit period	Unit price	Credit period	Balance	Accounted to total accounts and notes receivable (payable) Percentage %	
Tex Year Fine Chemical (Guangzhou) Co., Ltd.	Tex Year Technology (Jiangsu) Co., Ltd.	Affiliated enterprise	Purchase	\$ 242,663	10%	—	Cost markup	Credit on 120 days	(\$ 58,895)	(18%)	
Tex Year Technology (Jiangsu) Co., Ltd.	Tex Year Fine Chemical (Guangzhou) Co., Ltd.	Affiliated enterprise	Sales	(242,663)	(7%)	—	Cost markup	Credit on 120 days	58,895	8%	
Tex Year Fine Chemical (Guangzhou) Co., Ltd.	Tex Year (Hong Kong) Ltd.	Affiliated enterprise	Purchase	162,990	7%	—	Cost markup	Credit on 120 days	(21,269)	(7%)	
Tex Year (Hong Kong) Ltd.	Tex Year Fine Chemical (Guangzhou) Co., Ltd.	Affiliated enterprise	Sales	(162,990)	(4%)	—	Cost markup	Credit on 120 days	21,269	3%	
Tex Year Fine Chemical (Guangzhou) Co., Ltd.	Tex Year Industries Inc.	Affiliated enterprise	Purchase	103,068	4%	—	Cost markup	Credit on 120 days	(23,483)	(7%)	
Tex Year Industries Inc.	Tex Year Fine Chemical (Guangzhou) Co., Ltd.	Affiliated enterprise	Sales	(103,068)	(3%)	—	Cost markup	Credit on 120 days	23,483	3%	

Tex Year Industries Inc.
Name of investment company, location, etc.
2024

Table 5

Unit: NT\$ thousand unless otherwise specified.

Name of investment company	Name of investee	Location	Main business items	Original investment amount (note 1)		Held at end of the period			Investee Profit (loss) of the current period	Recognized in the current period Investment profit (loss)	Remarks
				End of the period	End of last year	Number of shares (1000 shares)	Percentage %	Carrying amount (Note 2)			
Tex Year Industries Inc.	Tex Year International (SAMOA) Corp.	Samoa	Holding company	\$ 746,842 (USD 23,385 thousand)	\$ 746,842 (USD 23,385 thousand)	-	100.00	\$ 997,325	\$ 134,619	\$ 134,619	
	Tex Year (Hong Kong) Ltd.	Hong Kong	Sales of hot melt adhesive, adhesive and various appliances	33,735 (USD 1,000 thousand)	33,735 (USD 1,000 thousand)	8,010	100.00	100,981	6,354 (HKD 1,543 thousand)	6,354 (HKD 1,543 thousand)	
	Tex Year Vietnam Co., Ltd.	Vietnam	Manufacturing and trading of hot melt adhesives and water adhesives	44,920 (USD 1,440 thousand)	44,920 (USD 1,440 thousand)	-	80.00	78,673	14,501 (VND11,154,973 thousand)	11,601 (VND8,923,979 thousand)	
	Tex Year Industrial Adhesives Pvt. Ltd.	India	Sales and manufacturing of hot melt adhesive, sales of adhesive and various appliances	24,692 (USD 822 thousand)	20,785 (USD 702 thousand)	102	50.00	48,583	12,171 (INR 31,712 thousand)	6,048 (INR 15,856 thousand)	(Note 7)
	Tex Year Europe Sp. z o.o.	Poland	R&D, production and sales of hot melt adhesives	145,537 (PLN17,600 thousand)	145,537 (PLN17,600 thousand)	17.6	80.00	126,505	8,039 (PLN 996 thousand)	6,560 (PLN 797 thousand)	(Note 5)
	Tex Year Minima Technology Inc.	Taiwan	Investment and international trading company	54,707	54,707	5,471	81.00	2,328	(8,753)	(7,090)	
Tex Year International (SAMOA) Corp.	Tex Year Technology (Samoa) Corp.	Samoa	Holding company	746,842 (USD 23,685 thousand)	746,842 (USD 23,685 thousand)	-	96.08	997,320	134,619	134,619	(Note 3)
Tex Year (Hong Kong) Ltd.	Tex Year Technology (Samoa) Corp.	Samoa	Holding company	33,029 (USD 955 thousand)	33,029 (USD 955 thousand)	-	3.92	35,562	134,619	-	(Note 3)
Tex Year Minima Technology Inc.	Tex Year Minima Technology Europe Sp. z o.o.	Poland	Production, sales and development of biodegradable materials and products	64,956 (PLN 9,253 thousand)	64,956 (PLN 9,253 thousand)	9.253	100.00	4,607	(5,021) (PLN (622) thousand)	(5,021) (PLN (622) thousand)	(Note 6)

Note 1: It is calculated according to the original investment cost.

Note 2: The unrealized gross profit of goods sold has been deducted.

Note 3: The total net profit of this period of Tex Year Technology (SAMOA) Corp. is recognized under Tex Year International (SAMOA) Corp.

Note 4: Please refer to Table 6 for relevant information of the investee companies in mainland China.

Note 5: The realized net profit of the adjusted side-flow transactions recognized in the current period is NT\$129 thousand (EUR17 thousand). The carrying value of the investment at the end of the period is the balance after deducting the unrealized upstream transactions at the end of the period.

Note 6: The Board resolved to cease the operation of Tex Year Minima Technology Europe Sp. z o. o. and have it liquidated on March 15, 2024.

Note 7: The investment income or loss recognized in the current period is based on the financial statements not yet audited by the accountants.

Tex Year Industries Inc.
Mainland China Investment Information
2024

Table 6

Unit: NT\$ thousand unless otherwise specified.

Investee in mainland China Name of the Company	Main business items	Paid-in capital (Note 1)	Investment mode	Beginning of the period Remitted from Taiwan Accumulated investment amount	Remitted out or recovered in Amount of investment		End of the period Remitted from Taiwan Accumulated investment amount	Investee Profit and loss of the current period	Shareholding ratio of direct or indirect investment of the Company	Recognized in the current period Profit and loss (note 10)	Investment at the end of the period Carrying amount	As of the current period Investment income repatriated	Remarks
					Outward remittance	Recovery							
Wuxi More Tex Technology Co., Ltd.	Development, production and sales of hot melt adhesives and lubricants	\$ 100,581 (USD 3,000 thousand)	Note 4	\$ 50,291 (USD 1,500 thousand)	\$ -	\$ -	\$ 50,291 (USD 1,500 thousand)	\$ -	-	\$ -	\$ -	\$ 148,643 (Note 2)	Note 8
Tex Year Chemistry Industry Technology (Shenzhen) Co., Ltd.	Development, production and sales of hot melt adhesives and lubricants	-	—	34,507 (USD 1,000 thousand)	-	-	34,507 (USD 1,000 thousand)	-	-	-	-	None.	Note 8
Tex Year Business Machine (Shenzhen) Co., Ltd.	Development and production of laminators, shredders, and manufacturing and trading of various appliances.	-	—	32,726 (USD 1,000 thousand)	-	-	32,726 (USD 1,000 thousand)	-	-	-	-	None.	Note 8
Tex Year Fine Chemical (Guangzhou) Co., Ltd.	R&D, production and sales of hot melt adhesives	389,798 (USD 12,000 thousand)	Note 5	389,798 (USD 12,000 thousand)	-	-	389,798 (USD 12,000 thousand)	106,215 (RMB 23,835 thousand)	100.00%	106,241 (RMB 23,841 thousand)	649,251	75,573 (Note 13)	Note 9 and 11
Wuxi Tex Year International Trading Co., Ltd.	Sales of chemical products and adhesives	14,265 (RMB 3,000 thousand)	Note 6	-	-	-	-	6,704 (RMB 1,504 thousand)	100.00%	6,704 (RMB 1,504 thousand)	29,605	None.	Note 9
Tex Year Technology (Jiangsu) Co., Ltd.	R&D, production and sales of hot melt adhesives	308,108 (USD 10,000 thousand)	Note 7	308,108 (USD 10,000 thousand)	-	-	308,108 (USD 10,000 thousand)	31,349 (RMB 7,035 thousand)	100.00%	29,961 (RMB 6,723 thousand)	368,043	None.	Note 9 and 12
Shanghai C&M Filtration Solutions Limited	R&D and Sales of Eco-friendly Filter Materials	98,536 (RMB 21,298 thousand)	Note 6	-	-	-	-	3,390 (RMB 761 thousand)	50.10%	1,698 (RMB 381 thousand)	80,323	None.	Note 9
Jiangsu C&M Filtration Solutions Limited	R&D and Manufacturing of Eco-friendly Filter Materials	69,922 (RMB 15,000 thousand)	Note 10	-	-	-	-	25 (RMB 6 thousand)	50.10%	25 (RMB 6 thousand)	71,006	None.	Note 9
Huzhou Yachuang Tech Ltd.	R&D and Sales in Eco-friendly Filter Materials, and Rental of Self-owned Houses	32,595 (RMB 7,500 thousand)	Note 10	-	-	-	-	362 (RMB (81) thousand)	50.10%	362 (RMB (81) thousand)	34,972	None.	Note 9
Huzhou Xiling Tech Ltd.	Engineering and technical research, test and design	18,583 (RMB 4,200 thousand)	Note 10	-	-	-	-	2,745 (RMB (823) thousand)	15.03%	823 (RMB (185) thousand)	4,498	None.	Note 9

Accumulated amount of investment remitted from Taiwan to mainland China at the end of the period (note 1)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (note 1)	In compliance with the mainland China investment limit set by the Investment Commission of the Ministry of Economic Affairs
NT\$ 817,430 thousand (USD25,500 thousand)	NT\$ 894,394 thousand (USD27,500 thousand)	(Note 3)

- Note 1: It is calculated based on the original investment cost.
- Note 2: Wuxi More Tex Technology Co., Ltd. has repatriated the investment income of the Company through Tex Year Technology (Samoa) Corp. As of December 31, 2024, a total of NT\$148,643 thousand has been repatriated.
- Note 3: According to the letter of the Ministry of Economic Affairs referenced Jing-Shen No. 09704604680, it is calculated at 60% of the net value of the Company on December 31, 2024, except for the enterprises or subsidiaries of multinational enterprises in Taiwan approved by the Industrial Development Bureau of the Ministry of Economic Affairs, with the supporting documents of compliance with the operation scope of the operation headquarters issued by it. The Company obtained the certificate of compliance on the headquarters' operation scope (letter referenced Jing-Shou-Gong Zi No. 11120412400) issued by the Industrial Development Bureau of the Ministry of Economic Affairs on April 18, 2022. The period of validity is from April 11, 2022 to April 10, 2025, so it is not subject to the limit.
- Note 4: The Company invested NT\$50,291 thousand through Tex Year International (SAMOA) Corp., a third-region investment enterprise, and then indirectly invested in Wuxi More Tex Technology Co., Ltd. through Tex Year International (SAMOA) Corp.
- Note 5: The Company invested NT\$389,798 thousand through Tex Year International (SAMOA) Corp., a third-region investment enterprise, and then indirectly invested in Tex Year Fine Chemical (Guangzhou) Co., Ltd. through Tex Year International (SAMOA) Corp.
- Note 6: Tex Year Fine Chemical (Guangzhou) Co., Ltd. directly invested in Wuxi Tex Year International Trading Co., Ltd. and Shanghai C&M Filtration Solutions Limited, for NT\$14,265 thousand and NT\$98,536 thousand.
- Note 7: The Company invested NT\$308,108 thousand through Tex Year International (SAMOA) Corp., a third-region investment enterprise, and then indirectly invested in Tex Year Technology (Jiangsu) Co., Ltd. through Tex Year Technology (SAMOA) Corp.
- Note 8: As the operation of Deyuan Chemical Technology (Shenzhen) Co., Ltd. was incorporated into Tex Year Fine Chemical (Guangzhou) Co., Ltd., and the liquidation was completed in December 2012; Deyuan Business Machine (Shenzhen) Co., Ltd. completed the liquidation in September 2014. Wuxi More Tex Technology Co., Ltd. was disposed of in September 2023.
- Note 9: The investment income or loss recognized in the current period is based on the financial statements audited by the accountants.
- Note 10: Tex Year Fine Chemical (Guangzhou) Co., Ltd. directly invested in Shanghai Chuangzhi Environmental Tech Co., Ltd. and then indirectly invested in Jiangsu C&M Filtration Solutions Ltd. and Huzhou Yachuang Tech Ltd. through Shanghai Chuangzhi Environmental Tech Co., Ltd.
- Note 11: It is the balance of the current recognized investment profit or loss after adjusting for the realized gains of NT\$26 thousand (RMB6 thousand) from side flow transactions, and the ending book value of the investment after deducting the unrealized side flow transactions and downstream transactions at the end of the period.
- Note 12: Unrealized net loss of investment gains and losses recognized in the current period, after the adjusted sidestream transactions, is NT\$1,388 thousand (RMB312 thousand). The book value of the investment at the end of the period is the balance after deducting the unrealized side-flow transactions and downstream transactions at the end of the period.
- Note 13: Tex Year Fine Chemical (Guangzhou) Co., Ltd. has repatriated the investment income of the Company through Tex Year Technology (Samoa) Corp. As of December 31, 2024, a total of NT\$75,573 thousand has been repatriated.

Tex Year Industries Inc.
Information of major shareholders
December 31, 2024

Table 7

Name of major shareholders	Equity	
	Number of shares held	Shareholding ratio
Hsiao, Chin-Tsung	15,737,570	13.74%
Tex Yuan Investment Co., Ltd.	7,356,119	6.42%
Hsiao, Hsiang-Chih	6,100,242	5.32%

Note: The information of major shareholders in this table is based on the information from the Taiwan Depository & Clearing Corporation on the last business day at the end of the current quarter, and the shareholders' holdings of more than 5% of the Company's ordinary shares and preference shares that have completed the scripless registration and delivery (including treasury shares). There may be a difference between the number of shares recorded in the Company's consolidated financial statements and the number of shares actually delivered for scrip less registration due to different calculation basis.

§DETAILS OF SIGNIFICANT ACCOUNTING ITEMS§

<u>ITEM</u>	<u>SERIAL NO./INDEX</u>
Breakdown of assets, liabilities and equity	
Statement of Cash and Cash Equivalents	Schedule 1
Schedule of current financial assets at fair value through profit or loss	Note 7
Schedule of notes receivable	Schedule 2
Schedule of accounts receivable	Schedule 3
Schedule of Inventory	Schedule 4
Schedule of other current asset	Note 16
Schedule of non-current financial assets at fair value through profit or loss	Schedule 5
Schedule of Changes to investment under the equity method	Schedule 6
Schedule of Changes to property, plant and equipment	Note 13
Schedule of Changes to right-of-use assets	Schedule 7
Schedule of Changes in Accumulated Depreciation of Right-of-Use Assets	Schedule 8
Schedule of Changes to intangible assets	Note 15
Schedule of other non-current asset	Note 16
Schedule of short-term borrowings	Schedule 9
Schedule of accounts payable	Schedule 10
Schedule of other payable	Note 20
Schedule of provision for liabilities - current	Note 21
Schedule of other current liabilities	Note 20
Schedule of corporate bonds payable	Note 18
Schedule of long-term borrowings	Schedule 11
Schedule of lease liabilities	Schedule 12
Schedule of profit and loss items	
Schedule of operating revenue	Schedule 13
Schedule of operating costs	Schedule 14
Schedule of manufacturing costs	Schedule 15
Schedule of operating expenses	Schedule 16
Summary of employee benefits, depreciation and amortization expenses incurred during the year by function	Schedule 17

Tex Year Industries Inc.
Statement of Cash and Cash Equivalents
December 31, 2024

Schedule 1

Unit: NT\$ thousand unless otherwise specified.

Item	Abstract	Amount
Cash on hand and working capital	Including USD12 thousand, EUR6 thousand, RMB34 thousand and JPY325 thousand (note).	\$ 1,102
Bank check deposits		649
Bank demand deposits	Including USD1,236 thousand, EUR369 thousand, RMB7,879 thousand and JPY15,969 thousand (note).	157,054
Bank time deposit	Including USD 427 thousand and EUR 200 thousand (Note).	<u>56,789</u>
Total		<u>\$ 215,594</u>

Note: Exchange rate

USD	\$1 = NTD\$32.71
EUR	\$1 = NTD\$34.11
RMB	\$1 = NTD\$4.4750
JPY	\$1 = NTD\$0.2075

Tex Year Industries Inc.
Schedule of notes receivable
December 31, 2024

Schedule 2

Unit: NT\$ Thousand

<u>Name</u>	<u>Amount</u>
Non-related party	
Customer A	\$ 728
Customer B	669
Customer C	657
Others (Note)	<u>6,928</u>
	<u>\$ 8,982</u>

Note: The balance of each account does not exceed 5% of the balance of this account.

Tex Year Industries Inc.
Schedule of accounts receivable
December 31, 2024

Schedule 3

Unit: NT\$ Thousand

Name	Amount
Non-related party	
Customer A	\$ 11,784
Customer B	10,142
Others (Note)	<u>143,892</u>
Subtotal	165,818
Less: provision for impairment	(<u>13,908</u>)
	<u>151,910</u>
Related party	
Adhesive Technologies	23,754
Tex Year Guangzhou	23,483
Tex Year Industrial Adhesives	16,265
Tex Year Europe	15,190
Tex Year (Hong Kong)	8,231
Others (Note)	<u>8,732</u>
Subtotal	95,655
Less: provision for impairment	(<u>516</u>)
	<u>95,139</u>
	<u>\$ 247,049</u>

Note: The balance of each account does not exceed 5% of the balance of this account.

Tex Year Industries Inc.
Schedule of Inventory
December 31, 2024

Schedule 4

Unit: NT\$ Thousand

Item	Amount	
	Cost	Market price (Note)
Raw materials	\$ 42,828	\$ 42,086
Materials	4,542	4,542
Semi-finished products	10,376	10,376
Finished products	65,308	67,890
Merchandise inventory	<u>70,147</u>	<u>65,669</u>
	193,201	<u>\$ 190,563</u>
Less: Provisions for loss from inventory falling price and dead stock	(<u>20,684</u>)	
Total	<u>\$ 172,517</u>	

Note: The market value of finished goods, merchandise inventory and semi-finished goods is estimated at net realizable value, and the market value of raw materials is estimated at replacement cost.

Tex Year Industries Inc.
Schedule of non-current financial assets at fair value through profit or loss
2024

Schedule 5

Unit: NT\$ thousand unless otherwise specified.

Name of financial instrument	Beginning		Increase in the year (note)		Decrease for the year		End		Accumulated impairment	Remarks
	Number of shares (1000 shares)	Fair value	Number of shares (1000 shares)	Amount	Number of shares (1000 shares)	Amount	Number of shares (1000 shares)	Fair value		
Innolux Limited Partnership	-	\$ 23,476	-	\$ 2,139	-	(\$ 762)	-	\$ 24,853	Not applicable	No pledge matters.
Innolux Limited Partnership II	-	-	-	<u>12,938</u>	-	-	-	<u>12,938</u>	Not applicable	No pledge matters.
		<u>\$ 23,476</u>		<u>\$ 15,077</u>		<u>(\$ 762)</u>		<u>\$ 37,791</u>		

Note: The increase by Innolux Limited Partnership II in current year was recognized as a net gain on financial assets at fair value through profit or loss of NT\$98 thousand and the acquisition of financial assets at fair value through profit or loss of NT\$12,840 thousand.

Tex Year Industries Inc.
Schedule of Changes to investment under the equity method
2024

Schedule 6 Unit: NT\$ thousand unless otherwise specified.

Investee	Beginning balance		Increase in the year (Notes 1 and 4)		Decrease in the year (Notes 1 and 2)		Exchange differences on translation of foreign financial statements	Investment profit (loss)	Ending balance			Net equity (Note 3)	Provide guarantee or Pledge situation
	Number of shares (1000 shares)	Amount	Number of shares (1000 shares)	Amount	Number of shares (1000 shares)	Amount			Number of shares (1000 shares)	Sharehold ing ratio (%)	Amount		
Tex Year International (SAMOA) Corp.	-	\$ 875,407	-	\$ -	-	(\$ 44,917)	\$ 32,216	\$ 134,619	-	100	\$ 997,325	\$ 999,983	None.
Tex Year (Hong Kong) Ltd.	8,010	88,527	-	214	-	-	5,886	6,354	8,010	100	100,981	101,035	None.
Tex Year Vietnam Co., Ltd.	-	72,664	-	-	-	(5,543)	(49)	11,601	-	80	78,673	79,174	None.
Tex Year Industrial Adhesives Pvt. Ltd.	92	37,297	10	3,907	-	(34)	1,365	6,048	102	50	48,583	48,794	None.
Tex Year Europe Sp. z o.o.	17.6	118,469	-	-	-	(626)	2,102	6,560	17.6	80	126,505	127,397	None.
Tex Year Minima Technology Inc.	5,471	<u>9,232</u>	-	<u>-</u>	-	<u>-</u>	<u>186</u>	(<u>7,090</u>)	5,471	81	<u>2,328</u>	<u>2,328</u>	None.
		<u>\$ 1,201,596</u>		<u>\$ 4,121</u>		(<u>\$ 51,120</u>)	<u>\$ 41,706</u>	<u>\$ 158,092</u>			<u>\$ 1,354,395</u>	<u>\$ 1,358,711</u>	

Note 1: The change includes gross profit on sales (unrealized).

Note 2: During the year, Tex Year Vietnam Co., Ltd. distributed a cash dividend of NT\$5,151 thousand; Tex Year International (SAMOA) Corp. distributed a cash dividend of NT\$44,710 thousand.

Note 3: The net equity in the investees was calculated based on the financial statements of the investees and the Company's percentage of ownership.

Note 4: Tex Year Industrial Adhesives Pvt. Ltd. performed a capital increase in the amount of NT\$3,907 thousand during the year.

Tex Year Industries Inc.
Schedule of Changes to right-of-use assets
2024

Schedule 7

Unit: NT\$ Thousand

Item	Beginning balance	Increase during the year	Decrease for the year	Ending balance
Buildings	\$ 3,983	\$ 1,998	(\$ 3,983)	\$ 1,998
Other equipment	1,428	-	-	1,428
Transportation equipment	<u>2,464</u>	<u>1,846</u>	(<u>1,561</u>)	<u>2,749</u>
	<u>\$ 7,875</u>	<u>\$ 3,844</u>	(<u>\$ 5,544</u>)	<u>\$ 6,175</u>

Tex Year Industries Inc.

Schedule of Changes in Accumulated Depreciation of Right-of-Use Assets

2024

Schedule 8

Unit: NT\$ Thousand

Item	Beginning balance	Increase during the year	Decrease for the year	Ending balance
Buildings	\$ 2,392	\$ 667	(\$ 2,504)	\$ 555
Other equipment	1,333	61	-	1,394
Transportation equipment	<u>1,644</u>	<u>983</u>	(<u>1,549</u>)	<u>1,078</u>
	<u>\$ 5,369</u>	<u>\$ 1,711</u>	(<u>\$ 4,053</u>)	<u>\$ 3,027</u>

Tex Year Industries Inc.
Schedule of short-term borrowings
December 31, 2024

Schedule 9

Unit: NT\$ thousand unless otherwise specified.

<u>Debt Bank</u>	<u>Abstract</u>	<u>Borrowing Period</u>	<u>Annual interest rate (%)</u>	<u>Amount</u>	<u>Mortgage or guarantee</u>
The Export-Import Bank of the Republic of China	Credit loans	2024/09/26 - 2025/09/26	1.9099%	\$ 100,000	None.
The Export-Import Bank of the Republic of China	Credit loans	2024/11/20 - 2025/11/20	1.9305%	50,000	None.
E.Sun Bank	Credit loans	2024/11/11 - 2025/02/07	1.9000%	60,000	None.
E.Sun Bank	Credit loans	2024/12/18 - 2025/03/17	1.9000%	30,000	None.
Mega Bank	Secured loans	2024/09/25 - 2025/03/24	1.9490%	40,000	Please refer to Note 32
Mega Bank	Secured loans	2024/12/09 - 2025/06/06	1.9490%	31,000	Please refer to Note 32
ChinaTrust Commercial Bank	Credit loans	2024/12/27 - 2025/01/23	1.9000%	90,000	None.
Cathay Bank	Credit loans	2024/12/09 - 2025/06/06	1.9500%	20,000	None.
Cathay Bank	Credit loans	2024/12/24 - 2025/06/20	1.9500%	45,000	None.
Fubon Bank	Credit loans	2024/12/30 - 2025/03/28	2.0300%	<u>30,000</u>	None.
Total				<u>\$ 496,000</u>	

Tex Year Industries Inc.
Schedule of accounts payable
December 31, 2024

Schedule 10

Unit: NT\$ Thousand

<u>Manufacturer</u>	<u>Amount</u>
Non-related party	
Supplier A	\$ 9,534
Supplier B	5,903
Others (Note)	<u>100,968</u>
	<u>116,405</u>
Related party	
Tex Year Vietnam	8,894
Tex Year Guangzhou	15,951
Tex Year Jiangsu	<u>6,639</u>
	<u>31,484</u>
Total	<u>\$ 147,889</u>

Note: The balance of each account does not exceed 5% of the balance of this account.

Tex Year Industries Inc.
Schedule of long-term borrowings
December 31, 2024

Schedule 11

Unit: NT\$ thousand unless otherwise specified.

Debt Bank	Term and repayment method	Annual interest rate (%)	Amount			Mortgage or guarantee
			Due within one year	Due after one year	Total	
Taiwan Business Bank	The period is from December 28, 2017 to December 28, 2032. From January 2021, each month is one period, for a total of 144 periods. The principal and interest are amortized according to the average method.	2.125%	\$ 833	\$ 5,834	\$ 6,667	Please refer to Note 32
Taiwan Business Bank	The period is from September 14, 2018 to December 28, 2032. From January 2021, every one month is one period, for totally 144 periods. The principal and interest are amortized according to the average method.	2.125%	5,000	35,000	40,000	Please refer to Note 32
Taiwan Business Bank	The period is from October 8, 2018 to December 28, 2032. From January 2021, every one month is one period, for totally 144 periods. The principal and interest are amortized according to the average method.	2.125%	3,334	23,333	26,667	Please refer to Note 32
Taiwan Business Bank	The period is from November 6, 2018 to December 28, 2032. From January 2021, every one month is one period, for totally 144 periods. The principal and interest are amortized according to the average method.	2.125%	3,333	23,333	26,666	Please refer to Note 32
Taiwan Business Bank	The period is from December 31, 2019 to December 28, 2032. From January 2021, every one month is one period, for totally 144 periods. The principal and interest are amortized according to the average method.	2.125%	1,500	10,500	12,000	Please refer to Note 32
Taiwan Cooperative Bank	The period is from March 30, 2022 to March 30, 2027. From April 30, 2023, each month is one period, for a total of 48 periods. The principal and interest are amortized according to the average method.	2.178%	<u>17,077</u>	<u>21,876</u>	<u>38,953</u>	Please refer to Note 32
			<u>\$ 31,077</u>	<u>\$ 119,876</u>	<u>\$ 150,953</u>	

Tex Year Industries Inc.
Schedule of lease liabilities
December 31, 2024

Schedule 12

Unit: NT\$ Thousand

Item	Abstract	Lease Period	Discount rate	Ending balance
Buildings		2024/2/21 - 2027/2/20	2.02%	\$ 1,455
Transportation equipment		2024/1/23 - 2027/10/28	1.71%~2.02%	<u>1,686</u>
				3,141
Less: Lease liabilities due within one year				(<u>1,556</u>)
				<u>\$ 1,585</u>

Tex Year Industries Inc.
Schedule of operating revenue
2024

Schedule 13

Unit: NT\$ Thousand

<u>Item</u>	<u>Amount</u>
Hot melt adhesives	\$ 856,061
Other Glue Products	185,982
Other products	<u>277,643</u>
Total operating revenue	1,319,686
Less: Sales return and discounts	(<u>2,787</u>)
Net operating revenue	<u>\$ 1,316,899</u>

Tex Year Industries Inc.
Schedule of operating costs
2024

Schedule 14

Unit: NT\$ Thousand

Item	Amount
Purchase Cost	
Product in the beginning	\$ 58,737
Add: imports for the year	290,635
Transfer from raw materials	39,320
Less: End of year goods	(70,147)
Others	(227)
Subtotal	<u>318,318</u>
Product and sales cost	
Raw materials at the beginning of the year	40,012
Add: imports for the year	503,077
Less: Raw materials at the end of the year	(47,370)
Direct sale of raw materials	(32,666)
Transfer out to commodity	(39,320)
Others	(1,225)
Raw materials consumed during the year	422,508
Direct manual	35,860
Manufacturing Costs	115,088
Add: Semi-finished products at the beginning of the year	8,985
Reduction: Semi-finished products for sale	(446)
Transfer Fees and Others	(8,030)
Semi-finished products at the end of the year	(10,376)
Manufacturing Cost	563,589
Finished products at the beginning of the year	73,407
Add: imports for the year	103,403
Others	3,288
Less: Transfer to expenses and others	(2,393)
Finished products at the end of the year	(65,308)
Cost of goods sold of finished goods	675,986
Add: raw materials for sale	32,666
Semi-finished products for sale	446
Impairment loss on non-financial assets	8,727
Less: Deprocessing	(3,556)
Inventory surplus	(435)
Cost of goods sold adjustments	(10,361)
Subtotal	<u>703,473</u>
Operating cost	<u>\$ 1,021,791</u>

Tex Year Industries Inc.
Schedule of manufacturing costs
2024

Schedule 15

Unit: NT\$ Thousand

<u>Item</u>	<u>Amount</u>
Salary Expenses	\$ 31,496
Depreciation	29,646
Utilities, fuel costs	15,987
Processing Fee	9,451
Repair and maintenance fees	5,939
Others (Note)	<u>22,569</u>
Total	<u>\$ 115,088</u>

Note: The balance of each account does not exceed 5% of the balance of this account.

Tex Year Industries Inc.
Schedule of operating expenses
January 1 to December 31, 2024

Schedule 16

Unit: NT\$ Thousand

Item	Marketing expenses	Management and administrative expenses	Research and development expenses	Total
Salary Expenses	\$ 64,414	\$ 61,188	\$ 34,849	\$ 160,451
Shipping Fee	21,220	260	220	21,700
Import and export expenses	8,630	-	-	8,630
Insurance premium	6,580	4,649	2,983	14,212
Depreciation expenses	3,077	4,950	4,980	13,007
Commissioned research expenses	-	8,689	21,059	29,748
Expected credit reversal gains	(3,520)	-	-	(3,520)
Others (Note)	<u>36,909</u>	<u>25,020</u>	<u>10,360</u>	<u>72,289</u>
Total	<u>\$ 137,310</u>	<u>\$ 104,756</u>	<u>\$ 74,451</u>	<u>\$ 316,517</u>

Note: The balance of each account does not exceed 5% of the balance of this account.

Tex Year Industries Inc.

Summary of employee benefits, depreciation and amortization expenses incurred during the year by function
2024 and 2023

Schedule 17

Unit: NT\$ Thousand

	2024			2023		
	Business Cost	Business Expenses	Total	Business Cost	Business Expenses	Total
Employee benefit expenses						
Salary expense	\$ 59,982	\$ 147,624	\$ 207,606	\$ 56,961	\$ 135,514	\$ 192,475
Labor and health insurance expenses	6,277	11,915	18,192	6,350	11,376	17,726
Pension Costs	2,325	6,939	9,264	2,355	6,560	8,915
Directors' remuneration	-	5,888	5,888	-	5,105	5,105
Others Employee benefit expenses	<u>3,157</u>	<u>6,715</u>	<u>9,872</u>	<u>2,751</u>	<u>5,002</u>	<u>7,753</u>
	<u>\$ 71,741</u>	<u>\$ 179,081</u>	<u>\$ 250,822</u>	<u>\$ 68,417</u>	<u>\$ 163,557</u>	<u>\$ 231,974</u>
Depreciation expenses	<u>\$ 29,646</u>	<u>\$ 13,007</u>	<u>\$ 42,653</u>	<u>\$ 29,892</u>	<u>\$ 11,852</u>	<u>\$ 41,744</u>
Amortization expenses	<u>\$ 79</u>	<u>\$ 3,671</u>	<u>\$ 3,750</u>	<u>\$ 179</u>	<u>\$ 3,867</u>	<u>\$ 4,046</u>

1. The number of employees in the current year and the previous year is 214 and 214, respectively, of which the number of directors who were not concurrently employees was 9.
2. The average employee benefit expense of the current year is NT\$1,195 thousand; the average employee benefit expense of the previous year was NT\$1,107 thousand.
3. The average employee salary cost of the current year is NT\$1,013 thousand; the average employee salary cost of the previous year is NT\$939 thousand.
4. The average employee salary cost adjustment of the current year is an increase of 7.9%.
5. The Company has established its Audit Committee, and the supervisor system is not applicable. Therefore, the remuneration of supervisors for 2024 and 2023 was nil.
6. The Company sets salary standards for its managers and employees with reference to market conditions, the Company's operating conditions and organizational structure, and adjusts them as necessary in light of market salary dynamics, changes in the overall economic and industrial climate, and government regulations, without regard to age, gender, race, religion, political affiliation, or marital status. In order to motivate employees and management team, the Company's Articles of Incorporation stipulate that if there is any remaining balance of the Company's pre-tax income before the distribution of employees' remuneration and directors' and supervisors' remuneration to cover losses, 1% to 10% of the employees' remuneration and no more than 3% of the directors' and supervisors' remuneration should be appropriated. Employee compensation is paid in stock or cash to employees of the subordinate companies who meet the required conditions.