

Tainan Enterprises Co., Ltd. and Subsidiaries
Consolidated Financial Statements and
Independent Auditors' Review Report
Three Months Ended March 31, 2025 and 2024

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

Tainan Enterprises Co., Ltd. and Subsidiaries
Consolidated Financial Statements for the Three Months Ended March 31, 2025 and
2024, and Independent Auditors' Review Report
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INDEPENDENT AUDITORS' REVIEW REPORT

(2025) Chia-Shen-Bao-Tzi No. 25000384

To Tainan Enterprises Co., Ltd.

Introduction

Tainan Enterprises Co., Ltd. and subsidiaries (hereinafter referred to as "the Tainan Group")'s consolidated balance sheets as of March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows, and notes to the consolidated financial statements (including a summary of significant accounting policies) for the three months ended March 31, 2025 and 2024, have been reviewed by us. The preparation of consolidated financial statements that present fairly in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No. 34 "Interim Financial Reporting" as endorsed and issued into effect by the Financial Supervisory Commission is the responsibility of management. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except for matters described in the basis for qualified conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 2410 "Review of Financial Statements" of the R.O.C.. The procedures performed in reviewing the consolidated financial statements included inquiries (primarily of persons responsible for financial and accounting matters), analytical procedures, and other review procedures. The scope of a review is significantly less than the scope of an audit and consequently we might not become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

The financial statements of certain non-material subsidiaries and investments accounted

for using equity method included in the above consolidated financial statements and the related information disclosed in Note 13 for the first quarters of 2025 and 2024 have not been reviewed by independent auditors. As of March 31, 2025 and 2024, the total assets of these companies (including "investments accounted for using equity method") were NT\$387,409 thousand and NT\$406,806 thousand, respectively, total liabilities were NT\$132,941 thousand and NT\$181,525 thousand, respectively, and the total comprehensive income for the three months ended March 31, 2025 and 2024 (including "share of profit or loss of associates and joint ventures accounted for using equity method" and "share of other comprehensive income of associates and joint ventures accounted for using equity method") were NT\$11,891 thousand and NT\$45,227 thousand, respectively, representing 6% and 7% of the Tainan Group's consolidated total assets, 7% and 10% of consolidated total liabilities, and 5% and 14% of consolidated total comprehensive income, respectively.

Retained Conclusion

Based on our review, except for the potential adjustments and disclosure impacts on the consolidated financial statements that might arise if the financial statements of certain non-material subsidiaries and investments accounted for using equity method described in the basis for qualified conclusion section and the related information disclosed in Note 13 were reviewed by independent auditors, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements are not prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No. 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission, and do not present fairly the consolidated financial position of the Tainan Group as of March 31, 2025 and 2024, and the consolidated financial performance and consolidated cash flows for the three months ended March 31, 2025 and 2024.

PricewaterhouseCoopers Taiwan

Tien Chung-Yu

Independent Accountants

Hsu Huei-Yu

Financial Supervisory Commission

Approved Audit License No. Jing-Guan-Jeng-

Sheng-Tzi No. 1070323061

Jing-Guan-Jeng-Sheng-Tzi No. 1120348565

May 8, 2025

TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
March 31, 2025, December 31, 2024, and March 31, 2024

(In Thousands of New Taiwan Dollars)

			March 31, 2025		December 31, 2024		March 31, 2024				
			Amount	%	Amount	%	Amount	%			
Assets											
Notes											
Current assets											
1100	Cash and cash equivalents	6(1)	\$	997,297	16	\$	804,611	14	\$	705,488	12
1136	Financial assets at amortized cost	6(3)									
	— current			109,312	2		156,558	2		137,557	2
1150	Notes receivable, net	6(4)		-	-		-	-		96	-
1170	Accounts receivable, net	6(4) and 7		1,945,495	31		1,404,501	24		1,754,076	30
1200	Other receivables			55,847	1		54,632	1		62,168	1
1220	Current income tax assets	6(29)		296	-		200	-		105	-
130X	Inventories	6(5)		762,211	12		1,167,849	20		837,475	14
1410	Prepayments			100,981	1		74,791	1		98,165	2
11XX	Total current assets			3,971,439	63		3,663,142	62		3,595,130	61
Non-current assets											
1510	Financial assets at fair value	6(2)									
	through profit or loss - non-current			86,825	1		86,825	2		86,825	2
1517	Financial assets at fair value	6(6)									
	through other comprehensive income - non-current			1,058	-		1,239	-		738	-
1535	Financial assets at amortized cost - non-current	6(3)		733,681	12		653,229	11		678,144	12
1550	Investments accounted for using equity method	6(7)		98,116	2		96,357	2		92,101	2
1600	Property, plant and equipment	6(8)		991,266	16		990,736	17		1,012,765	17
1755	Right-of-use assets	6(9)		95,903	2		82,932	2		108,351	2
1760	Investment properties, net	6(11)		136,799	2		137,401	2		136,370	2
1780	Intangible assets	6(12)(13)		5,041	-		6,306	-		8,215	-
1840	Deferred income tax assets	6(29)		47,610	1		46,828	1		56,804	1
1915	Prepayments for equipment			77,717	1		71,322	1		58,659	1
1920	Guarantee deposits paid			15,909	-		15,748	-		15,164	-
1975	Net defined benefit assets - non-current	6(17)		12,817	-		12,781	-		3,419	-
1990	Other non-current assets			14,666	-		15,451	-		15,367	-
15XX	Total non-current assets			2,317,408	37		2,217,155	38		2,272,922	39
1XXX	Total assets		\$	6,288,847	100	\$	5,880,297	100	\$	5,868,052	100

(Continued on next page)

TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
March 31, 2025, December 31, 2024, and March 31, 2024

(In Thousands of New Taiwan Dollars)

Liabilities and Equity			March 31, 2025		December 31, 2024		March 31, 2024	
			Notes	Amount	%	Amount	%	Amount
Current liabilities								
2100	Short-term borrowings	6(14)	\$ 836,841	13	\$ 500,925	9	\$ 856,200	15
2130	Contract liabilities - current	6(22)	1,630	-	2,826	-	2,420	-
2150	Notes payable		3,170	-	9,732	-	6,178	-
2170	Accounts payable	7	333,340	5	426,282	7	303,828	5
2200	Other payables	6(15)	411,215	7	499,779	9	418,641	7
2230	Current income tax liabilities	6(29)	87,544	2	65,655	1	46,973	1
2280	Lease liabilities - current		23,126	-	12,067	-	30,566	1
2310	Advance receipts		520	-	14	-	508	-
21XX	Total current liabilities		1,697,386	27	1,517,280	26	1,665,314	29
Non-current liabilities								
2540	Long-term borrowings	6(16)	47,500	1	47,500	1	-	-
2570	Deferred income tax liabilities	6(29)	47,670	1	44,963	1	47,696	1
2580	Lease liabilities - non-current		6,739	-	3,853	-	10,236	-
2640	Net defined benefit liabilities - non-current	6(17)	121,943	2	120,023	2	131,079	2
2645	Guarantee deposits received		2,999	-	2,920	-	2,892	-
25XX	Total non-current liabilities		226,851	4	219,259	4	191,903	3
2XXX	Total liabilities		1,924,237	31	1,736,539	30	1,857,217	32
Equity Attributable to Owners of the Parent Company								
Share capital								
3110	Common stock	6(18)	1,461,535	23	1,461,535	25	1,461,535	25
3200	Capital surplus	6(19)	824,531	13	824,531	14	824,531	14
	Retained earnings	6(20)						
3310	Legal reserve		829,088	13	829,088	14	798,013	14
3320	Special reserve		28,741	-	28,741	-	24,941	-
3350	Unappropriated retained earnings		1,043,708	17	860,447	15	829,491	14
3400	Others equity interest	6(6)(7)(21)	177,007	3	139,416	2	72,324	1
3XXX	Total equity		4,364,610	69	4,143,758	70	4,010,835	68
	Contingent liabilities and commitments	9						
3X2X	Total liabilities and equity		\$ 6,288,847	100	\$ 5,880,297	100	\$ 5,868,052	100

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements and should be read in conjunction therewith.

Chairman: Yang Ching-Hon

President: Hsieh Yiu-Chin

Head of Accounting: Tsai Chen-Chih

TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three months ended March 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)

(Except for earnings per share, which are expressed in New Taiwan Dollars)

Item	Notes	Three Months Ended March 31, 2025		Three Months Ended March 31, 2024	
		Amount	%	Amount	%
4000 Operating revenues	6(22) and 7	\$ 2,496,133	100	\$ 2,313,970	100
5000 Operating cost	6(5)(9)(17)(27)(28) and 7	(2,024,766)	(81)	(1,874,416)	(81)
5900 Net operating margin		<u>471,367</u>	<u>19</u>	<u>439,554</u>	<u>19</u>
Operating expenses	6(9)(12)(17)(27)(28), 7, and 12				
6100 Selling expenses		(70,023)	(3)	(62,708)	(2)
6200 General Administrative expenses		(200,758)	(8)	(178,546)	(8)
6300 Research and development expenses		(19,416)	(1)	(18,116)	(1)
6450 Expected credit gains (losses)		<u>289</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000 Total operating expenses		(289,908)	(12)	(259,370)	(11)
6900 Operating profits		<u>181,459</u>	<u>7</u>	<u>180,184</u>	<u>8</u>
Non-operating income and expenses					
7100 Interest income	6(3)(23)	13,911	-	11,221	-
7010 Other income	6(10)(11)(24) and 7	2,620	-	4,847	-
7020 Other gains and losses	6(2)(3)(9)(11)(25)(27)	22,048	1	46,270	2
7050 Finance costs	6(9)(26)	(9,680)	-	(7,789)	-
7060 Share of profit of associates and joint ventures accounted for under equity method	6(7)	<u>1,748</u>	<u>-</u>	<u>3,233</u>	<u>-</u>
7000 Total non-operating income and expenses		<u>30,647</u>	<u>1</u>	<u>57,782</u>	<u>2</u>
7900 Income before income tax		<u>212,106</u>	<u>8</u>	<u>237,966</u>	<u>10</u>
7950 Income tax expense	6(29)	(28,845)	(1)	(27,065)	(1)
8200 Profit for the period		<u>\$ 183,261</u>	<u>7</u>	<u>\$ 210,901</u>	<u>9</u>
Other comprehensive income (loss)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8316 Unrealized gain/ (loss) on investments in equity instruments measured at fair value through other comprehensive income or loss	6(6)(21)	(\$ 181)	-	\$ 193	-
8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method - items that will not be reclassified to profit or loss	6(7)(21)	11	-	2,249	-
8361 Financial statements translation differences of foreign operations	6(21)	<u>37,761</u>	<u>2</u>	<u>98,623</u>	<u>4</u>
8300 The other comprehensive income or loss		<u>\$ 37,591</u>	<u>2</u>	<u>\$ 101,065</u>	<u>4</u>
8500 Total comprehensive income for the current period		<u>\$ 220,852</u>	<u>9</u>	<u>\$ 311,966</u>	<u>13</u>
Net income attributable to:					
8610 Owners of the parent		<u>\$ 183,261</u>	<u>7</u>	<u>\$ 210,901</u>	<u>9</u>
Comprehensive income attributable to:					
8710 Owners of the parent		<u>\$ 220,852</u>	<u>9</u>	<u>\$ 311,966</u>	<u>13</u>
Earnings per share (in dollars)	6(30)				
9750 Basic		<u>\$ 1.25</u>		<u>\$ 1.44</u>	
9850 Diluted		<u>\$ 1.25</u>		<u>\$ 1.44</u>	

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements and should be read in conjunction therewith.

Chairman: Yang Ching-Hon

President: Hsieh Yiu-Chin

Head of Accounting: Tsai Chen-Chih

TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the three months ended March 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Shareholders of the Parent Company							
		Retained earnings					Others		
						Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income or loss	Total equity
Notes		Common stock	Capital surplus	Legal reserve	Special reserve				
<u>Three Months Ended March 31, 2024</u>									
	Balance at January 1, 2024	\$ 1,461,535	\$ 824,531	\$ 798,013	\$ 24,941	\$ 618,590	(\$ 35,776)	\$ 7,035	\$ 3,698,869
	Net income for the three months ended March 31, 2024	-	-	-	-	210,901	-	-	210,901
	Other comprehensive income or loss for the three months ended March 31, 2024	-	-	-	-	-	98,623	2,442	101,065
	Total comprehensive income or loss for the three months ended March 31, 2024	-	-	-	-	210,901	98,623	2,442	311,966
	Balance at March 31, 2024	\$ 1,461,535	\$ 824,531	\$ 798,013	\$ 24,941	\$ 829,491	\$ 62,847	\$ 9,477	\$ 4,010,835
<u>Three Months Ended March 31, 2025</u>									
	Balance at January 1, 2025	\$ 1,461,535	\$ 824,531	\$ 829,088	\$ 28,741	\$ 860,447	\$ 123,341	\$ 16,075	\$ 4,143,758
	Net income for the three months ended March 31, 2025	-	-	-	-	183,261	-	-	183,261
	Other comprehensive income or loss for the three months ended March 31, 2025	-	-	-	-	-	37,761	(170)	37,591
	Total comprehensive income or loss for the three months ended March 31, 2025	-	-	-	-	183,261	37,761	(170)	220,852
	Balance at March 31, 2025	\$ 1,461,535	\$ 824,531	\$ 829,088	\$ 28,741	\$ 1,043,708	\$ 161,102	\$ 15,905	\$ 4,364,610

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements and should be read in conjunction therewith.

Chairman: Yang Ching-Hon

President: Hsieh Yiu-Chin

Head of Accounting: Tsai Chen-Chih

TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended March 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)

	Notes	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 212,106	\$ 237,966
Adjustments			
Revenue and expense items			
Foreign currency exchange (gains) loss		(1,037)	4,079
Net losses on financial assets and liabilities at fair value through profit or loss	6(25)	-	256
Gains on disposal of investments	6(3)	-	(520)
Reversal of expected credit losses	12	(289)	-
Share of profit or loss of associates and joint ventures accounted for using equity method	6(7)	(1,748)	(3,233)
Depreciation	6(8)(9)(11)(27)	32,495	31,577
Loss (gains) on disposal of property, plant and equipment	6(25)	(673)	32
Gain from lease modification	6(9)(25)	-	1
Amortization	6(12)(27)	1,275	2,194
Interest income	6(23)	(13,911)	(11,221)
Interest expense	6(26)	9,680	7,789
Changes in operating assets/liabilities activities			
Changes in operating assets			
Notes receivable		-	(96)
Accounts receivable		(540,705)	(567,412)
Other receivables		(1,669)	(1,546)
Inventories		405,638	366,168
Prepayments		(26,190)	(18,547)
Change in operating liabilities			
Contract liabilities - current		(1,196)	(2,471)
Notes payable		(6,562)	(773)
Accounts payable		(92,942)	(109,701)
Other payables		(87,630)	(24,230)
Advance receipts		506	502
Net defined benefit liabilities - non-current		343	(3,430)
Cash outflow from operating activities		(112,509)	(92,616)
Interest received		15,021	9,172
Interest paid		(8,589)	(5,558)
Income tax paid		(5,145)	(5,313)
Net cash outflow from operating activities		(111,222)	(94,315)

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TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended March 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)

	Notes	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortized cost		(\$ 71,604)	(\$ 253,650)
Decrease in financial assets at amortized cost		49,251	46,395
Cash paid for acquisition of property, plant and equipment	6(31)	(17,720)	(7,811)
Proceeds from disposal of property, plant and equipment		685	514
Cash paid for acquisition of investment property	6(31)	-	(666)
Cash paid for acquisition of intangible assets	6(12)	-	(376)
Increase in prepayments for equipment		(6,395)	(3,389)
Increase in guarantee deposits paid		(161)	(682)
Decrease in other non-current assets - others		785	721
Net cash outflow from investing activities		(45,159)	(218,944)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(32)	1,191,902	726,556
Repayments of short-term borrowings	6(32)	(855,613)	(484,000)
Repayments of lease liabilities	6(32)	(6,863)	(6,241)
Increase in guarantee deposits received	6(32)	79	237
Net cash inflow from financing activities		329,505	236,552
Effects of foreign exchange rate changes on cash		19,562	46,827
Net Increase (decrease) in cash and cash equivalents for the current period		192,686	(29,880)
Cash and cash equivalents at beginning of period	6(1)	804,611	735,368
Cash and cash equivalents at end of period	6(1)	\$ 997,297	\$ 705,488

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements and should be read in conjunction therewith.

Chairman: Yang Ching-Hon

President: Hsieh Yiu-Chin

Head of Accounting: Tsai Chen-Chih

TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars)

(Except as otherwise noted)

I. HISTORY AND ORGANIZATION

- (I) Tainan Enterprises Co., Ltd. (hereinafter referred to as "the Company") was established in August 1961 in accordance with the Company Act of the R.O.C. and other relevant laws and regulations. The Company and its subsidiaries (hereinafter collectively referred to as "the Group") are primarily engaged in the processing, manufacturing, retail, and export of various garments (including woven and knitted garments).
- (II) As of March 31, 2025, the Group had a total of 11,300 employees.
- (III) The Company's shares have been traded on the Taipei Exchange since April 1999 and were transferred to the Taiwan Stock Exchange in September 2000.

II. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were authorized for issue by the Board of Directors on May 8, 2025.

III. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

- (I) Impact of adoption of newly issued and amended International Financial Reporting Standards recognized and endorsed by the Financial Supervisory Commission (hereinafter referred to as the "FSC")

The following table summarizes the newly issued, amended and revised standards and interpretations of International Financial Reporting Standards recognized and endorsed by the FSC and effective for application in 2025:

Newly issued/amended/revised standards and interpretations	Effective date issued by the International Accounting Standards Board
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

The Group has assessed that the above standards and interpretations do not have a material impact on the Group's financial position and financial performance.

- (II) Impact of not yet adopted newly issued and amended International Financial Reporting Standards recognized by the FSC

The following table summarizes the newly issued, amended, and revised standards and interpretations of International Financial Reporting Standards applicable in 2025 as recognized by the FSC:

Newly issued/amended/revised standards and interpretations	Effective date issued by the International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7 "Amendments to Classification and Measurement of Financial Instruments" - partial amendment content	January 1, 2026

The Group has assessed that the above standards and interpretations do not have a material impact on the Group's financial position and financial performance.

(III) Impact of International Financial Reporting Standards issued by the International Accounting Standards Board but not yet endorsed by the FSC

The following table summarizes the newly issued, amended, and revised standards and interpretations of International Financial Reporting Standards that have been issued by the International Accounting Standards Board but have not yet been incorporated into those endorsed by the FSC:

Newly issued/amended/revised standards and interpretations	Effective date issued by the International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7 "Amendments to Classification and Measurement of Financial Instruments" - partial amendment content	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts involving electricity from natural sources"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Investment of Assets between an Investor and its Associate or Joint Venture"	Pending decision by the International Accounting Standards Board
IFRS 17 "Insurance Contracts" Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
International Financial Reporting Standard No. 17 Amendment "Initial Application of International Financial Reporting Standard No. 17 and International Financial Reporting Standard No. 9 - Comparative Information"	January 1, 2023
International Financial Reporting Standard No. 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
International Financial Reporting Standard No. 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027
Annual Improvements to International Financial Reporting Standards - Volume 11	January 1, 2026

Except for those described below that are pending assessment, the aforementioned standards and interpretations have been assessed to have no material impact on the Group's financial position and financial performance.

International Financial Reporting Standard No. 18 "Presentation and Disclosure in Financial Statements":

International Financial Reporting Standard No. 18 replaces International Accounting Standard No. 1 and updates the framework of the statement of comprehensive income, adds disclosures for management performance measures, and enhances the aggregation and disaggregation principles applied to primary financial statements and notes.

IV. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Significant accounting policies are the same as those described in Note 4 to the consolidated financial statements for 2024, except for the compliance statement, basis of preparation, basis of consolidation, and interim reporting applicable portions described below. Unless otherwise stated, these policies have been applied consistently across all reporting periods.

(I) Statement of compliance

1. The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, "Interim Financial Reporting," endorsed and issued into effect by the FSC.
2. This consolidated financial report should be read in conjunction with the consolidated financial report for 2024.

(II) Basis of preparation

1. Except for the following significant items, this consolidated financial report is prepared based on historical cost:
 - (Note 1) Financial assets measured at fair value through profit or loss (including derivative instruments) measured at fair value.
 - (Note 2) Financial assets measured at fair value through other comprehensive income measured at fair value.
 - (Note 3) Defined benefit assets (liabilities) recognized at the net amount of retirement fund assets less the present value of defined benefit obligations.
2. The preparation of consolidated financial reports in compliance with International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretation Announcements (hereinafter referred to as "IFRSs") approved and issued by the FSC requires the use of certain significant accounting estimates. Management is also required to exercise judgment in applying the Group's accounting policies. Items involving high degrees of judgment or complexity, or items involving significant assumptions and estimates for the consolidated financial reports, are detailed in Note 5, Major Sources of Accounting Judgments, Estimates and

Assumption Uncertainties.

(III) Basis of consolidation

1. Principles of Consolidated Financial Report Preparation:

The preparation principles of this consolidated financial report are the same as those of the consolidated financial report for 2024.

2. The subsidiaries in the consolidated financial statements:

Name of Investor	Name of Investee	Nature of Business	Percentage of Ownership			Note
			March 31, 2025	December 31, 2024	March 31, 2024	
Tainan Enterprises Co., Ltd.	Tainan Enterprise (BVI) Co., Ltd.	Professional investment	100.00	100.00	100.00	—
Tainan Enterprises Co., Ltd.	PT Tainan Enterprises Indonesia	Garment processing production and selling	100.00	100.00	100.00	—
Tainan Enterprises Co., Ltd.	PT.Andalan Mandiri Busana	Garment processing production and selling	100.00	100.00	100.00	—
Tainan Enterprises Co., Ltd.	Tainan Enterprises (Cambodia) Co., Ltd.	Garment processing production and selling	100.00	100.00	100.00	—
Tainan Enterprises Co., Ltd.	Tainan Enterprises (Vietnam) Co., Ltd.	Garment processing production and selling	100.00	100.00	100.00	—
Tainan Enterprises Co., Ltd.	Beyoung Fashion Co., Ltd.	Garment processing production and selling	100.00	100.00	100.00	(Note 3)
Tainan Enterprises Co., Ltd.	PT Cahaya Indah Global	Garment processing production and selling	100.00	100.00	100.00	—
Tainan Enterprise (BVI) Co., Ltd.	Yixing Gaoqing Garment Co., Ltd.	Garment processing production and selling	100.00	100.00	100.00	—
Tainan Enterprise (BVI) Co., Ltd.	Zhoukou Tainan Garments Co., Ltd.	Garment processing production and selling	—	—	100.00	(Note 1) (Note 3)
Tainan Enterprise (BVI) Co., Ltd.	T&G Fashion Co., Ltd.	Professional investment	100.00	100.00	100.00	(Note 3)
T&G Fashion Co., Ltd.	Jin-Sovann Fashions(Cambodia) Limited	Garment processing production and selling	100.00	100.00	100.00	(Note 3)
T&G Fashion Co., Ltd.	Camitex II (Cambodia) MGF Co., Ltd.	Garment processing production and selling	100.00	100.00	100.00	(Note 2) (Note 3)
T&G Fashion Co., Ltd.	Golden Harbor Garment (Cambodia) Limited	Garment processing production and selling	100.00	100.00	100.00	(Note 2) (Note 3)

(Note 1) The liquidation was completed in the second quarter of 2024.

(Note 2) Operations have ceased, and liquidation procedures are still in progress.

(Note 3) As it does not meet the definition of a significant subsidiary, its financial statements and the information disclosed in Note 13 have not been reviewed by independent auditors.

3. Subsidiaries not included in the consolidated financial statements: None.

4. Adjustments and treatment for subsidiaries with different accounting periods: None.

5. Material restrictions: None.

6. Subsidiaries with non-controlling interests that are material to the Group: None

(IV) Employee benefits

For interim periods, the defined benefit plan pension cost is calculated using the pension cost

rate determined actuarially at the end of the previous accounting year, based on the period from the beginning of the year to the end of the current period. If there are significant market fluctuations and significant curtailments, settlements, or other significant one-time events after that end date, adjustments are made accordingly, and relevant information is disclosed in accordance with the aforementioned policy.

(V) Income tax

For interim periods, income tax expense is calculated by applying the estimated annual average effective tax rate to the pre-tax income or loss for the interim period, and relevant information is disclosed in accordance with the aforementioned policy.

V. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

There were no significant changes for the current period. Please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2024.

VI. DESCRIPTION OF MATERIAL ACCOUNTING ITEM INFORMATION

(I) Cash and cash equivalents

	March 31, 2025	December 31, 2024	March 31, 2024
Cash:			
Cash on hand	\$ 2,475	\$ 2,032	\$ 2,027
Checking accounts and demand deposits	584,641	436,807	543,061
	<u>587,116</u>	<u>438,839</u>	<u>545,088</u>
Cash equivalents:			
Time deposits	410,181	365,772	160,400
	<u>\$ 997,297</u>	<u>\$ 804,611</u>	<u>\$ 705,488</u>

1. The Group conducts business with financial institutions of good credit quality and maintains relationships with multiple financial institutions to diversify credit risk, with the expectation that the possibility of default is very low.
2. The Group did not pledge any cash and cash equivalents as of March 31, 2025, December 31, 2024, and March 31, 2024.

(II) Financial assets at fair value through profit or loss - non-current

<u>Asset items</u>	March 31, 2025	December 31, 2024	March 31, 2024
Financial assets mandatorily measured at fair value through profit or loss			
Unlisted stocks	<u>\$ 86,825</u>	<u>\$ 86,825</u>	<u>\$ 86,825</u>

- Details of the above financial assets recognized in profit or loss are as follows:

	Three months ended March 31, 2025	Three months ended March 31, 2024
Financial assets mandatorily measured at fair value through profit or loss	\$ -	(\$ 769)

- The Group did not pledge any financial assets measured at fair value through profit or loss as of March 31, 2025, December 31, 2024, and March 31, 2024.

(III) Financial assets measured at amortized cost

	March 31, 2025	December 31, 2024	March 31, 2024
Current:			
Bonds	\$ 165,363	\$ 211,900	\$ 191,565
Less: Accumulated impairment (56,051)	55,342)	54,008)
	<u>\$ 109,312</u>	<u>\$ 156,558</u>	<u>\$ 137,557</u>
Non-current:			
Bonds	\$ 727,039	\$ 653,229	\$ 678,144
Time deposits over one year	6,642	-	-
	<u>\$ 733,681</u>	<u>\$ 653,229</u>	<u>\$ 678,144</u>

1. Details of financial assets measured at amortized cost recognized in profit or loss are as follows:

	Three months ended March 31, 2025	Three months ended March 31, 2024
Interest income	\$ 9,959	\$ 8,417
Gains on disposal of investments	-	520
	<u>\$ 9,959</u>	<u>\$ 8,937</u>

2. Without considering any collateral held or other credit enhancements, the amounts that best represent the Group's maximum exposure to credit risk for financial assets measured at amortized cost as of March 31, 2025, December 31, 2024 and March 31, 2024 approximate their carrying amounts.
3. The Group did not pledge any financial assets measured at amortized cost as of March 31, 2025, December 31, 2024 and March 31, 2024.
4. For related credit risk information, please refer to Note 12, (2) Financial Instruments. The Group's investments in time deposits are with financial institutions of good credit quality, and the possibility of default is expected to be very low.

(IV) Accounts receivable, net

	March 31, 2025	December 31, 2024	March 31, 2024
Notes receivable	\$ -	\$ -	\$ 96
Accounts receivable	\$ 1,948,871	\$ 1,408,166	\$ 1,762,680
Less: Allowance for uncollectable accounts	(3,376)	(3,665)	(8,604)
	<u>\$ 1,945,495</u>	<u>\$ 1,404,501</u>	<u>\$ 1,754,076</u>

1. Aging analysis of notes and accounts receivable is as follows:

	March 31, 2025		December 31, 2024	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ -	\$ 1,931,239	\$ -	\$ 1,400,192
Up to 30 days	-	12,116	-	258
31~90 days	-	161	-	7,711
Up to over 91 days	-	5,355	-	5
	<u>\$ -</u>	<u>\$ 1,948,871</u>	<u>\$ -</u>	<u>\$ 1,408,166</u>

	March 31, 2024	
	Notes receivable	Accounts receivable
Not past due	\$ 96	\$ 1,732,179
Up to 30 days	-	15,674
31~90 days	-	9,700
Up to over 91 days	-	5,127
	<u>\$ 96</u>	<u>\$ 1,762,680</u>

The above represents an aging analysis based on the number of days past due.

- The balances of notes and accounts receivable as of March 31, 2025, December 31, 2024 and March 31, 2024 all arose from customer contracts. The balance of notes and accounts receivable from customer contracts as of January 1, 2024 was \$1,195,268.
- The Group did not hold any collateral as security for notes and accounts receivable as of March 31, 2025, December 31, 2024 and March 31, 2024.
- Without considering any collateral held or other credit enhancements, the amounts that best represent the Group's maximum exposure to credit risk for notes and accounts receivable as of March 31, 2025, December 31, 2024 and March 31, 2024 are their carrying amounts.
- For related credit risk information, please refer to Note 12, (2) Financial Instruments.

(V) Inventories

	March 31, 2025		
	Cost	Allowance for inventory valuation loss	Carrying amount
Raw materials	\$ 398,924	\$ -	\$ 398,924
Work in process	363,287	-	363,287
	<u>\$ 762,211</u>	<u>\$ -</u>	<u>\$ 762,211</u>

	December 31, 2024		
	Cost	Allowance for inventory valuation loss	Carrying amount
Raw materials	\$ 406,091	\$ -	\$ 406,091
Work in process	761,701	-	761,701
Finished goods	57	-	57
	<u>\$ 1,167,849</u>	<u>\$ -</u>	<u>\$ 1,167,849</u>

	March 31, 2024		
	Cost	Allowance for inventory valuation loss	Carrying amount
Raw materials	\$ 353,672	\$ -	\$ 353,672
Work in process	482,335	-	482,335
Finished goods	1,468	-	1,468
	<u>\$ 837,475</u>	<u>\$ -</u>	<u>\$ 837,475</u>

The Group's inventory costs recognized as expenses for the current period:

	Three months ended March 31, 2025	Three months ended March 31, 2024
Cost of goods sold	\$ 2,026,092	\$ 1,877,503
Income from sale of scraps	(1,326)	(3,087)
	<u>\$ 2,024,766</u>	<u>\$ 1,874,416</u>

(VI) Financial assets measured at fair value through other comprehensive income or loss - non-current

<u>Item</u>	March 31, 2025	December 31, 2024	March 31, 2024
Equity instruments			
Listed stocks	\$ 1,452	\$ 1,452	\$ 1,452
Valuation adjustments	(394)	(213)	(714)
	<u>\$ 1,058</u>	<u>\$ 1,239</u>	<u>\$ 738</u>

1. The Group elected to classify equity investments that are strategic investments as financial assets measured at fair value through other comprehensive income. The fair values of these investments were \$1,058, \$1,239, and \$738 as of March 31, 2025, December 31, 2024, and March 31, 2024, respectively.
2. Details of financial assets measured at fair value through other comprehensive income recognized in other comprehensive income are as follows:

	Three months ended March 31, 2025	Three months ended March 31, 2024
Fair value changes	(\$ 181)	\$ 193

3. Without considering collateral held or other credit enhancements, the maximum exposure to credit risk for the Group's financial assets measured at fair value through other comprehensive income as of March 31, 2025, December 31, 2024, and March 31, 2024 is approximately equal to their carrying amounts.
4. The Group did not pledge any financial assets measured at fair value through other comprehensive income or loss as of March 31, 2025, December 31, 2024, and March 31, 2024.

(VII) Investments accounted for using equity method

1. Changes in investments accounted for using equity method are as follows:

	Three months ended March 31, 2025	Three months ended March 31, 2024
Balance at January 1	\$ 96,357	\$ 86,619
Share of profit or loss of associates and joint ventures accounted for under equity method	1,748	3,233
Other changes in equity - unrealized gains on financial assets at fair value through other comprehensive income	11	2,249
Balance at March 31	<u>\$ 98,116</u>	<u>\$ 92,101</u>

2. Details of investments accounted for using equity method are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Associates	<u>\$ 98,116</u>	<u>\$ 96,357</u>	<u>\$ 92,101</u>

3. Associates:

- (1) The basic information of the Group's major associates is as follows:

Company name	Principal place of business	Shareholding percentage			Nature of relationship	Measurement method
		March 31, 2025	December 31, 2024	March 31, 2024		
Tainan Enterprise (Cayman) Co., Ltd.	Republic of China (Note)	13.39%	13.39%	13.39%	Strategic investment	Equity method

(Note) Country of incorporation is the Cayman Islands.

- (2) The summarized financial information of the Group's major associates is as follows:

BALANCE SHEET

Tainan Enterprise (Cayman) Co., Ltd. and subsidiaries			
	March 31, 2025	December 31, 2024	March 31, 2024
Current assets	\$ 964,265	\$ 951,019	\$ 946,394
Non-current assets	1,016,612	1,028,892	944,321
Current liabilities	(992,125)	(914,020)	(814,427)
Non-current liabilities	(175,007)	(263,562)	(301,393)
Non-controlling interests	(80,987)	(82,712)	(87,056)
Total net assets	<u>\$ 732,758</u>	<u>\$ 719,617</u>	<u>\$ 687,839</u>
Share of net assets of associates	<u>\$ 98,116</u>	<u>\$ 96,357</u>	<u>\$ 92,101</u>
Carrying amount of associates	<u>\$ 98,116</u>	<u>\$ 96,357</u>	<u>\$ 92,101</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Tainan Enterprise (Cayman) Co., Ltd. and subsidiaries		
	Three months ended March 31, 2025	Three months ended March 31, 2024
Revenue	\$ 478,698	\$ 497,385
Net income for the current period	\$ 11,329	\$ 25,416
Other comprehensive income, net of income tax	87	16,799
Total comprehensive income	<u>\$ 11,416</u>	<u>\$ 42,215</u>

- (3) The Group's significant associate Tainan Enterprise (Cayman) Co., Ltd. has quoted market prices, and its fair value was \$264,513 (NT\$56.40 per share), \$254,195 (NT\$54.20 per share), and \$297,923 (NT\$66.70 per share) as of March 31, 2025, December 31, 2024, and March 31, 2024, respectively.
4. The Group did not pledge any investments accounted for using equity method as of March 31, 2025, December 31, 2024, and March 31, 2024.

(VIII) Property, plant and equipment

	Land	Buildings and structures	Machinery	Utilities equipment	Transportation and office equipment	Leasehold Improvement	Other equipment	Construction in progress	Total
<u>January 1, 2025</u>									
Cost	\$ 316,312	\$ 997,564	\$ 679,895	\$ 194,224	\$ 172,264	\$ 36,439	\$ 17,773	\$ 2,024	\$ 2,416,495
Accumulated depreciation	-	(542,916)	(547,489)	(148,807)	(145,439)	(25,469)	(15,639)	-	(1,425,759)
	<u>\$ 316,312</u>	<u>\$ 454,648</u>	<u>\$ 132,406</u>	<u>\$ 45,417</u>	<u>\$ 26,825</u>	<u>\$ 10,970</u>	<u>\$ 2,134</u>	<u>\$ 2,024</u>	<u>\$ 990,736</u>
<u>Three months ended March 31, 2025</u>									
At January 1	\$ 316,312	\$ 454,648	\$ 132,406	\$ 45,417	\$ 26,825	\$ 10,970	\$ 2,134	\$ 2,024	\$ 990,736
Additions	-	-	9,741	-	1,734	124	-	4,096	15,695
Reclassifications - cost	-	-	1,578	-	-	-	-	(1,578)	-
Depreciation	-	(6,793)	(10,263)	(2,545)	(2,664)	(903)	(32)	-	(23,200)
Disposals - cost	-	-	(3,801)	-	(4,201)	-	-	-	(8,002)
– Accumulated depreciation	-	-	3,801	-	4,189	-	-	-	7,990
Net currency exchange differences	735	4,629	1,715	556	189	132	41	50	8,047
At March 31	<u>\$ 317,047</u>	<u>\$ 452,484</u>	<u>\$ 135,177</u>	<u>\$ 43,428</u>	<u>\$ 26,072</u>	<u>\$ 10,323</u>	<u>\$ 2,143</u>	<u>\$ 4,592</u>	<u>\$ 991,266</u>
<u>March 31, 2025</u>									
Cost	\$ 317,047	\$ 1,007,890	\$ 696,078	\$ 196,709	\$ 171,545	\$ 37,031	\$ 18,116	\$ 4,592	\$ 2,449,008
Accumulated depreciation	-	(555,406)	(560,901)	(153,281)	(145,473)	(26,708)	(15,973)	-	(1,457,742)
	<u>\$ 317,047</u>	<u>\$ 452,484</u>	<u>\$ 135,177</u>	<u>\$ 43,428</u>	<u>\$ 26,072</u>	<u>\$ 10,323</u>	<u>\$ 2,143</u>	<u>\$ 4,592</u>	<u>\$ 991,266</u>

	Land	Buildings and structures	Machinery	Utilities equipment	Transportation and office equipment	Leasehold Improvement	Other equipment	Construction in progress	Total
<u>January 1, 2024</u>									
Cost	\$ 312,675	\$ 1,015,629	\$ 659,045	\$ 177,549	\$ 165,292	\$ 34,127	\$ 17,580	\$ 1,078	\$ 2,382,975
Accumulated depreciation	-	(553,755)	(526,293)	(130,823)	(136,546)	(19,928)	(15,351)	-	(1,382,696)
	<u>\$ 312,675</u>	<u>\$ 461,874</u>	<u>\$ 132,752</u>	<u>\$ 46,726</u>	<u>\$ 28,746</u>	<u>\$ 14,199</u>	<u>\$ 2,229</u>	<u>\$ 1,078</u>	<u>\$ 1,000,279</u>
<u>Three months ended March 31, 2024</u>									
At January 1	\$ 312,675	\$ 461,874	\$ 132,752	\$ 46,726	\$ 28,746	\$ 14,199	\$ 2,229	\$ 1,078	\$ 1,000,279
Additions	-	-	7,781	-	1,811	-	-	358	9,950
Depreciation	-	(7,735)	(8,504)	(2,185)	(2,614)	(1,149)	(32)	-	(22,219)
Disposals - cost	-	-	(36,388)	-	(5,748)	-	(105)	-	(42,241)
- Accumulated depreciation	-	-	35,890	-	5,711	-	94	-	41,695
Net currency exchange differences	2,256	14,736	5,242	1,919	466	576	54	52	25,301
At March 31	<u>\$ 314,931</u>	<u>\$ 468,875</u>	<u>\$ 136,773</u>	<u>\$ 46,460</u>	<u>\$ 28,372</u>	<u>\$ 13,626</u>	<u>\$ 2,240</u>	<u>\$ 1,488</u>	<u>\$ 1,012,765</u>
<u>March 31, 2024</u>									
Cost	\$ 314,931	\$ 1,043,899	\$ 655,525	\$ 184,998	\$ 166,213	\$ 35,561	\$ 17,908	\$ 1,488	\$ 2,420,523
Accumulated depreciation	-	(575,024)	(518,752)	(138,538)	(137,841)	(21,935)	(15,668)	-	(1,407,758)
	<u>\$ 314,931</u>	<u>\$ 468,875</u>	<u>\$ 136,773</u>	<u>\$ 46,460</u>	<u>\$ 28,372</u>	<u>\$ 13,626</u>	<u>\$ 2,240</u>	<u>\$ 1,488</u>	<u>\$ 1,012,765</u>

1. The Group's land located in Cambodia, due to restrictions under local Cambodian laws and regulations, is registered under the name of Koche Investment Co., Ltd., with the rights and obligations of both parties specified through a nominee property registration agreement. The substantive owner of such land is the Group.
2. The Group's property, plant and equipment as of March 31, 2025, December 31, 2024, and March 31, 2024 were all assets for self-use.
3. There was no capitalization of borrowing costs for property, plant and equipment for the three months ended March 31, 2025 and 2024.
4. The Group did not pledge any property, plant and equipment as collateral as of March 31, 2025, December 31, 2024, and March 31, 2024.

(IX) Lease transactions - Lessee

1. The Group's leased assets include land use rights and buildings, with lease terms typically ranging from 1 to 50 years. Lease contracts are individually negotiated and contain various terms and conditions. Apart from the restriction that leased assets cannot be used as collateral for borrowings, no other restrictions are imposed.
2. Some of the Group's leased plants and offices have lease terms not exceeding 12 months, and the Group also leases low-value assets such as office equipment.
3. Information on the carrying amounts of right-of-use assets and depreciation expenses recognized is as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 44,994	\$ 28,686	\$ 41,241
Buildings	50,909	54,246	67,110
	<u>\$ 95,903</u>	<u>\$ 82,932</u>	<u>\$ 108,351</u>

	Three months ended March 31, 2025	Three months ended March 31, 2024
	Depreciation expense	Depreciation expense
Land	\$ 4,700	\$ 4,332
Buildings	3,993	4,462
	<u>\$ 8,693</u>	<u>\$ 8,794</u>

4. The Group's additions and remeasurements of right-of-use assets for the three months ended March 31, 2025 and 2024 were \$20,472 and \$-, respectively.

5. Information on profit or loss items related to lease contracts is as follows:

	Three months ended March 31, 2025	Three months ended March 31, 2024
<u>Items affecting current period</u>		
<u>profit or loss</u>		
Interest expense on lease liabilities	\$ 58	\$ 377
Expenses for short-term lease contracts	875	625
Gain on lease modification	-	1

6. For the three months ended March 31, 2025 and 2024 the group's total lease cash outflows were \$8,364 and \$7,058, respectively

(X) Lease arrangement - lessor

- The Group's leased assets are primarily investment properties, with lease terms typically ranging from 1 to 10 years. Lease contracts are individually negotiated and contain various terms and conditions. To protect the usage of leased assets, lessees are typically required not to lend, sublease, transfer, or allow others to use the leased assets through other disguised methods, or lessees must provide rental deposits upon contract signing.
- The Group recognized rental income of \$646 based on operating lease contracts for the three months ended March 31, 2025 and 2024, with no variable lease payment provisions.
- The maturity analysis of the above operating lease contracts is as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Within 1 year	\$ 1,832	\$ 2,617	\$ 1,839
1 to 5 years	3,965	4,325	5,405
Over 5 years	91	120	211
	<u>\$ 5,888</u>	<u>\$ 7,062</u>	<u>\$ 7,455</u>

(XI) Investment property, net

	Land	Buildings	Total
<u>January 1, 2025</u>			
Cost	\$ 95,130	\$ 76,956	\$ 172,086
Accumulated depreciation	-	(34,685)	(34,685)
	<u>\$ 95,130</u>	<u>\$ 42,271</u>	<u>\$ 137,401</u>

Three months ended March 31,
2025

At January 1	\$ 95,130	\$ 42,271	\$ 137,401
Depreciation	-	(602)	(602)
At March 31	<u>\$ 95,130</u>	<u>\$ 41,669</u>	<u>\$ 136,799</u>

At March 31, 2025

Cost	\$ 95,130	\$ 76,956	\$ 172,086
Accumulated depreciation	-	(35,287)	(35,287)
	<u>\$ 95,130</u>	<u>\$ 41,669</u>	<u>\$ 136,799</u>

	Land	Buildings	Total
<u>January 1, 2024</u>			
Cost	\$ 95,130	\$ 74,194	\$ 169,324
Accumulated depreciation	-	(32,390)	(32,390)
	<u>\$ 95,130</u>	<u>\$ 41,804</u>	<u>\$ 136,934</u>

Three months ended March 31,
2024

At January 1	\$ 95,130	\$ 41,804	\$ 136,934
Depreciation	-	(564)	(564)
At March 31	<u>\$ 95,130</u>	<u>\$ 41,240</u>	<u>\$ 136,370</u>

At March 31, 2024

Cost	\$ 95,130	\$ 74,194	\$ 169,324
Accumulated depreciation	-	(32,954)	(32,954)
	<u>\$ 95,130</u>	<u>\$ 41,240</u>	<u>\$ 136,370</u>

1. Rental income investment property and direct operating expenses arising from investment property are shown below:

	Three months ended March 31, 2025	Three months ended March 31, 2024
Rental income investment property (listed as "other income")	\$ <u>634</u>	\$ <u>628</u>
Direct operating expenses arising from investment properties that generated rental income during the period	\$ <u>602</u>	\$ <u>564</u>

2. The fair value of investment properties held by the Group as of March 31, 2025, December 31, 2024, and March 31, 2024 was \$502,583, and \$472,473, respectively, which were valued based on announced market prices and actual transaction registration information, representing Level 2 fair value.
3. The group has not capitalized and borrowing costs during the three months ended March 31, 2025 and 2024.
4. The Group had no investment properties pledged to others as of March 31, 2025, December 31, 2024, and March 31, 2024.

(XII) Intangible assets

	Computer software	Goodwill	Total
<u>January 1, 2025</u>			
Cost	\$ 13,199	\$ 82,151	\$ 95,350
Accumulated amortization	(6,893)	-	(6,893)
Accumulated impairment	-	(78,081)	(78,081)
Net currency exchange differences	-	(4,070)	(4,070)
	<u>\$ 6,306</u>	<u>\$ -</u>	<u>\$ 6,306</u>
<u>Three months ended March 31, 2025</u>			
At January 1	\$ 6,306	\$ -	\$ 6,306
Amortization	(1,275)	-	(1,275)
Disposals - cost	(415)	-	(415)
- Accumulated amortization	415	-	415
Net currency exchange differences	10	-	10
At March 31	<u>\$ 5,041</u>	<u>\$ -</u>	<u>\$ 5,041</u>
<u>March 31, 2025</u>			
Cost	\$ 12,798	\$ 82,151	\$ 94,949

Accumulated amortization	(7,757)	-	(7,757)
Accumulated impairment	-	(78,081)	(78,081)
Net currency exchange differences	-	(4,070)	(4,070)
	<u>\$ 5,041</u>	<u>\$ -</u>	<u>\$ 5,041</u>

	Computer software	Goodwill	Total
<u>January 1, 2024</u>			
Cost	\$ 31,274	\$ 82,151	\$ 113,425
Accumulated amortization	(21,241)	-	(21,241)
Accumulated impairment	-	(78,081)	(78,081)
Net currency exchange differences	-	(4,070)	(4,070)
	<u>\$ 10,033</u>	<u>\$ -</u>	<u>\$ 10,033</u>

Three months ended March 31, 2024

At January 1	\$ 10,033	\$ -	\$ 10,033
Addition - Acquired separately	376	-	376
Amortization	(2,194)	-	(2,194)
At March 31	<u>\$ 8,215</u>	<u>\$ -</u>	<u>\$ 8,215</u>

March 31, 2024

Cost	\$ 31,650	\$ 82,151	\$ 113,801
Accumulated amortization	(23,435)	-	(23,435)
Accumulated impairment	-	(78,081)	(78,081)
Net currency exchange differences	-	(4,070)	(4,070)
	<u>\$ 8,215</u>	<u>\$ -</u>	<u>\$ 8,215</u>

1. No borrowing costs were capitalized during the three months ended March 31, 2025 and 2024.
2. Details of intangible asset amortization expenses are as follows:

	Three months ended March 31, 2025	Three months ended March 31, 2024
Operating expenses	<u>\$ 1,275</u>	<u>\$ 2,194</u>

3. The Group had no intangible assets pledged to others as of March 31, 2025, December 31, 2024, and March 31, 2024.
4. The details of the group's accumulated impairment losses on the Group's goodwill, please refer to Note 6(13).

(XIII) Impairment of non-financial assets

1. No impairment losses recognized for the three months ended March 2025 and 2024.
2. As of March 31, 2025, December 31, 2024, and March 31, 2024, the accumulated impairment losses on goodwill (presented as "Intangible Assets") totaled \$78,081.

(XIV) Short-term borrowings

<u>Type of borrowings</u>	<u>March 31, 2025</u>	<u>Interest Rate</u>	<u>Collateral</u>
Bank borrowings			
Unsecured Bank borrowings	<u>\$ 836,841</u>	1.72%~4.99%	None
<u>Type of borrowings</u>	<u>December 31, 2024</u>	<u>Interest Rate</u>	<u>Collateral</u>
Bank borrowings			
Unsecured Bank borrowings	<u>\$ 500,925</u>	1.72%~5.25%	None
<u>Type of borrowings</u>	<u>March 31, 2024</u>	<u>Interest Rate</u>	<u>Collateral</u>
Bank borrowings			
Unsecured Bank borrowings	<u>\$ 856,200</u>	1.65%~6.05%	None

The Group's interest expenses recognized in profit or loss for the three months ended March 2025 and 2024 are detailed in Note 6(26) Finance Costs.

(XV) Other payables

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Accrued salary and bonus	\$ 205,518	\$ 299,637	\$ 232,139
Accrued processing fees	38,443	55,167	51,530
Accrued pension expense	34,672	35,272	29,261
Taxes payable	44,110	32,737	28,563
Employees and compensation to directors	17,350	12,600	13,250
Accrued freight charges	12,094	11,727	7,290
Accrued labor insurance and health insurance	10,909	10,875	9,862
Import and export fees payable	9,187	9,995	8,974
Payable for equipment	1,446	3,471	5,979
Others	37,486	28,298	31,793
	<u>\$ 411,215</u>	<u>\$ 499,779</u>	<u>\$ 418,641</u>

(XVI) Long-term borrowings

Type of borrowings	March 31, 2025	Borrowing period	Interest Rate	Collateral
Unsecured Bank borrowings	\$ 47,500	December 2, 2024~October 17, 2029	1.60%	None
Type of borrowings	December 31, 2024	Borrowing period	Interest Rate	Collateral
Unsecured Bank borrowings	\$ 47,500	December 2, 2024~October 17, 2029	1.60%	None

No such circumstance on March 31, 2024

The Group's interest expenses recognized in profit or loss for the three months ended March 2025 and 2024 are detailed in Note 6(26) Finance Costs.

(XVII) Pension

1. The Company has established a defined benefit retirement plan in accordance with the provisions of the R.O.C. "Labor Standards Act," which applies to the service years of all regular employees before the implementation of the R.O.C. "Labor Pension Act" on July 1, 2005, as well as the subsequent service years of employees who chose to continue under the Labor Standards Act after the implementation of the R.O.C. "Labor Pension Act." For employees who meet retirement conditions, pension payments are calculated based on years of service and the average salary of the 6 months prior to retirement. For service years within 15 years (inclusive), 2 base units are granted for each full year of service, and for service years exceeding 15 years, 1 base unit is granted for each full year of service, with a maximum cumulative limit of 45 base units. The Company contributes 7.5% of the total monthly payroll to the retirement fund, which is deposited in a special account under the name of the Labor Retirement Reserve Supervisory Committee at the Bank of Taiwan. Additionally, before the end of each year, the Company estimates the balance of the aforementioned labor retirement reserve account. If the balance is insufficient to pay the retirement benefits calculated as described above for employees who are expected to meet retirement conditions in the following year, the Company will contribute the shortfall in a lump sum by the end of March of the following year. Information disclosure related to the aforementioned defined benefit retirement plan and the defined benefit retirement plans of subsidiaries - P.T. Tainan Enterprises Indonesia and PT.Andalan Mandiri Busana - is as follows:
 - (1) The Group recognized retirement benefit costs of NT\$8,816 and NT\$7,454 for the three months ended March 31, 2025 and 2024, respectively, under the aforementioned retirement plan.
 - (2) The Group expects to contribute NT\$18,340 to the retirement plan during 2026.
2. The Company and its domestic subsidiaries have established a defined contribution

retirement plan in accordance with the R.O.C. "Labor Pension Act" since July 1, 2005, which applies to employees with R.O.C. nationality. The Company and its domestic subsidiaries, for employees who choose to apply the labor pension system stipulated in the R.O.C. "Labor Pension Act," contribute 6% of monthly salaries as labor pension to employees' individual accounts at the Bureau of Labor Insurance. The payment of employee pensions is based on the amount in employees' individual pension accounts and accumulated earnings, which can be received as monthly pensions or lump-sum pensions. The Group's overseas subsidiaries voluntarily establish retirement pension reserves and pension insurance systems according to the regulations of local governments in Vietnam, Cambodia, and China, respectively, contributing 7% to 16% of local employees' total monthly salaries as retirement pension reserves and pension insurance funds. Each employee's pension is managed and coordinated by the government. Except for monthly contributions, the Group has no further obligations. The Group recognized retirement benefit costs of NT\$17,606 and NT\$16,877 for the three months ended March 31, 2025 and 2024, respectively, under the aforementioned retirement plan.

(XVIII) Share capital

1. The reconciliation of the Company's outstanding common shares at the beginning and end of the period is as follows: (in thousands of shares)

	Three months ended March 31, 2025	Three months ended March 31, 2024
Number of shares at beginning and end of period	<u>\$ 146,154</u>	<u>\$ 146,154</u>

2. As of March 31, 2025, the Company's authorized capital totaled NT\$2,000,000 (with NT\$100,000 of total shares reserved for issuance of employee stock options), while paid-in capital amounted to NT\$1,461,535, divided into 146,154 thousand shares with a par value of NT\$10 per share. All share payments for the Company's issued shares have been fully collected.

(XIX) Capital surplus

1. According to the R.O.C. Company Act, capital surplus derived from premiums on stock issuance in excess of par value and capital contributions received as gifts may be used to offset losses or, when the company has no accumulated losses, distributed to shareholders in proportion to their existing shareholdings through issuance of new shares or cash distributions. Additionally, pursuant to relevant provisions of the R.O.C. Securities and Exchange Act, when the aforementioned capital surplus is used to increase capital, the annual amount shall not exceed 10% of the aggregate paid-in capital. The company may not use capital surplus to offset losses unless the surplus reserves are insufficient to cover capital losses.

2. Details of changes in capital surplus are as follows:

Three months ended March 31, 2025	Share premium	Difference between acquisition or disposal price and carrying amount of subsidiaries	Changes in ownership interests in subsidiaries	Changes in equity value of associates and joint ventures accounted for using equity method	Forfeited employee stock options	Others	Total
Balance at beginning and end of period	\$ 736,435	\$ 20,166	\$ 46,042	\$ 12,809	\$ 5	\$ 9,074	\$ 824,531
Three months ended March 31, 2024	Share premium	Difference between acquisition or disposal price and carrying amount of subsidiaries' equity	Changes in ownership interests in subsidiaries	Changes in equity value of associates and joint ventures accounted for using equity method	Forfeited employee stock options	Others	Total
Balance at beginning and end of period	\$ 736,435	\$ 20,166	\$ 46,042	\$ 12,809	\$ 5	\$ 9,074	\$ 824,531

(XX) Retained earnings

1. Legal reserves may not be used except to offset company losses and to issue new shares or cash to shareholders in proportion to their original shareholdings; however, when issuing new shares or cash, such distribution is limited to the portion of such reserves exceeding 25% of paid-in capital.
2. According to the provisions of the Company's Articles of Incorporation, if the Company has earnings from its annual financial statements, after paying taxes in accordance with law and offsetting accumulated losses, 10% shall be set aside as legal reserve; however, this shall not apply when the legal reserve has reached the Company's paid-in capital. The remainder shall be appropriated or reversed as special reserve in accordance with legal requirements. Any remaining balance shall be the distributable earnings for the current period. The distributable earnings for the current period plus accumulated undistributed earnings from the previous year constitute accumulated distributable earnings. The Board of Directors shall prepare earnings distribution proposals and submit them to the shareholders' meeting for resolution on shareholder dividend distribution. The Company's dividend policy takes into consideration current and future development plans, investment environment, capital requirements, domestic and international competitive conditions, and shareholder interests. The annual dividend distribution to shareholders shall not be less than 30% of the distributable earnings for the current period. Shareholder dividends may be distributed in cash or stock, with cash dividends comprising not less than 10% of total dividends.
3. When the Company distributes earnings, it shall appropriate special reserve in accordance with legal requirements for the debit balance of other equity items as of

the balance sheet date of the current year before distribution. Subsequently, when the debit balance of other equity items is reversed, the reversed amount may be included in distributable earnings.

4. The Company recognized cash dividends of NT\$175,384 (NT\$1.2 per share) for the distribution of 2024 earnings. On March 7, 2025, the Board of Directors proposed a cash dividend distribution of NT\$292,307 (NT\$2 per share) for 2024 earnings; however, this is subject to shareholders' meeting resolution, and these dividends payable have not yet been reflected in the consolidated financial statements.

(XXI) Other equity items

<u>Three months ended March 31,</u> <u>2025</u>	<u>Currency</u> <u>translation</u> <u>difference</u>	<u>Financial assets at</u> <u>fair value through</u> <u>other comprehensive</u> <u>income</u>	<u>Total</u>
At January 1	\$ 123,341	\$ 16,075	\$ 139,416
Foreign translation differences			
– The Company	37,761	-	37,761
Unrealized gain (loss) on financial assets at fair value through other comprehensive income or loss			
– The Company	-	(181)	(181)
– Associates	-	11	11
At March 31	<u>\$ 161,102</u>	<u>\$ 15,905</u>	<u>\$ 177,007</u>
<u>Three months ended March 31,</u> <u>2024</u>	<u>Currency</u> <u>translation</u> <u>difference</u>	<u>Financial assets at</u> <u>fair value through</u> <u>other comprehensive</u> <u>income</u>	<u>Total</u>
At January 1	(\$ 35,776)	\$ 7,035	(\$ 28,741)
Foreign translation differences			
– The Company	98,623	-	98,623
Unrealized gain (loss) on financial assets at fair value through other comprehensive income or loss			
– The Company	-	193	193
– Associates	-	2,249	2,249
At March 31	<u>\$ 62,847</u>	<u>\$ 9,477</u>	<u>\$ 72,324</u>

(XXII) Operating revenue

1. The Group's revenue is derived from providing goods and services that are transferred at a point in time or transferred over time. Revenue is primarily generated from various

garment products and business consulting services. Please refer to Note 14, Departmental Information, for details:

	Three months ended March 31, 2025	Three months ended March 31, 2024
At a point in time:		
Sales revenue	\$ 2,495,129	\$ 2,313,755
Over time:		
Service revenue	1,004	215
	<u>\$ 2,496,133</u>	<u>\$ 2,313,970</u>

2. The Group's contract liabilities related to customer contract revenue recognition and recognized revenue amounts are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024	January 1, 2024
Contract liabilities				
- current	<u>\$ 1,630</u>	<u>\$ 2,826</u>	<u>\$ 2,420</u>	<u>\$ 4,891</u>

	Three months ended March 31, 2025	Three months ended March 31, 2024
Contract liabilities - opening balance, revenue recognized for the current period – receipts in advance	<u>\$ 1,694</u>	<u>\$ 2,816</u>

(XXIII) Interest income

	Three months ended March 31, 2025	Three months ended March 31, 2024
Interest income from bank deposits	\$ 3,951	\$ 2,804
Interest income from financial assets at amortized cost	9,959	8,417
Others	1	-
	<u>\$ 13,911</u>	<u>\$ 11,221</u>

(XXIV) Other income

	Three months ended March 31, 2025	Three months ended March 31, 2024
Rental income	\$ 646	\$ 646
Government grants income	296	364
Other income	1,678	3,837
	<u>\$ 2,620</u>	<u>\$ 4,847</u>

(XXV) Other gains and losses

	Three months ended March 31, 2025	Three months ended March 31, 2024
Net losses on financial assets and liabilities at fair value through profit or loss	\$ -	(\$ 256)
Net currency exchange gains	21,987	47,140
Gains on disposal of investments	-	7
Net gains (losses) on disposal of property, plant and equipment	673	(32)
Lease modification losses	-	(1)
Other expenses	(612)	(588)
	<u>\$ 22,048</u>	<u>\$ 46,270</u>

(XXVI) Finance costs

	Three months ended March 31, 2025	Three months ended March 31, 2024
Interest expense:		
Bank borrowings	\$ 9,622	\$ 7,412
Lease liabilities	58	377
	<u>\$ 9,680</u>	<u>\$ 7,789</u>

(XXVII) Additional information of expenses by nature

	Three months ended March 31, 2025		
	Operating cost of goods sold	Operating expenses	Total
Employee benefits expenses	\$ 401,272	\$ 189,330	\$ 590,602
Depreciation change on property, plant and equipment	18,458	4,742	23,200
Depreciation change on right-of- use assets	8,099	594	8,693
Depreciation change on investment property (Note)	-	602	602
Amortization change on intangible assets	-	1,275	1,275
	<u>\$ 427,829</u>	<u>\$ 196,543</u>	<u>\$ 624,372</u>

	Three months ended March 31, 2024		
	Operating cost of goods sold	Operating expenses	Total
Employee benefits expenses	\$ 385,438	\$ 168,319	\$ 553,757
Depreciation change on property, plant and equipment	17,322	4,897	22,219
Depreciation change on right-of- use assets	7,955	839	8,794
Depreciation change on investment property (Note)	-	564	564
Amortization change on intangible assets	-	2,194	2,194
	<u>\$ 410,715</u>	<u>\$ 176,813</u>	<u>\$ 587,528</u>

(Note) Listed as "other gains and losses."

(XXVIII) Employee benefits expenses

	Three months ended March 31, 2025		
	Operating cost of goods sold	Operating expenses	Total
Wages and expenses	\$ 355,888	\$ 168,526	\$ 524,414
Labor and health insurance expenses	19,662	9,627	29,289
Pension costs	19,446	6,976	26,422
Other personnel expenses	6,276	4,201	10,477
	<u>\$ 401,272</u>	<u>\$ 189,330</u>	<u>\$ 590,602</u>

	Three months ended March 31, 2024		
	Operating cost of goods sold	Operating expenses	Total
Wages and expenses	\$ 342,896	\$ 150,705	\$ 493,601
Labor and health insurance expenses	18,488	7,503	25,991
Pension costs	18,528	5,803	24,331
Other personnel expenses	5,526	4,308	9,834
	<u>\$ 385,438</u>	<u>\$ 168,319</u>	<u>\$ 553,757</u>

1. According to the Company's Articles of Incorporation, after deducting accumulated losses from the current year's profit, if there is a remaining balance, the Company shall allocate employee remuneration of no less than 1% and director remuneration of no more than 5%.
2. The Company's estimated employee remuneration for the three months ended March 31, 2025 and 2024 was NT\$1,500 and NT\$1,000, respectively; estimated director remuneration was NT\$1,650 for both periods. On March 7, 2025, the Board of Directors resolved that the actual employee remuneration and director remuneration distributed for 2024 were NT\$6,000 and NT\$8,200, respectively, with employee remuneration distributed in cash. The difference between employee remuneration and director remuneration and the amounts recognized in the 2024 financial statements was NT\$1,600, mainly due to estimation differences, which has been adjusted in the 2025 income statement.

Information on employee remuneration and director remuneration approved by the Company's Board of Directors is available on the Market Observation Post System.

(XXIX) Income tax

1. Components of income tax expense:

	Three months ended March 31, 2025	Three months ended March 31, 2024
Current income tax:		
Income tax arising from current period income	\$ 25,807	\$ 16,981
Prior year income tax underestimation	723	346
	<u>26,530</u>	<u>17,327</u>
Deferred income tax:		
Origination and reversal of temporary differences	1,925	8,433
Net foreign exchange differences	390	1,305
	<u>2,315</u>	<u>9,738</u>
Income tax expense	<u>\$ 28,845</u>	<u>\$ 27,065</u>

2. The profit-seeking enterprise income tax of the Company and its subsidiaries has been assessed by the tax authorities through 2022 to 2023, and as of May 8, 2025, there were no administrative remedy proceedings.

(XXX) Earnings per share

	Three months ended March 31, 2025		
	Amount after tax	Weighted average number of shares outstanding (share in thousands)	Earnings per share (in Dollars)
<u>Basic EPS</u>			
Net income for the current period attributable to owners of ordinary shares of the parent company	<u>\$ 183,261</u>	<u>146,154</u>	<u>\$ 1.25</u>
<u>Diluted EPS</u>			
Net income for the current period attributable to owners of ordinary shares of the parent company	\$ 183,261	146,154	
The effects of dilutive potential common shares			
Profit sharing bonus to employees	-	161	

Net income for the current period attributable to common shareholders of the parent company plus the effects of potential common shares	\$ 183,261	146,315	\$ 1.25
Three months ended March 31, 2024			
	Amount after tax	Weighted average number of shares outstanding (share in thousands)	Earnings per share (in Dollars)
<u>Basic EPS</u>			
Net income for the current period attributable to owners of ordinary shares of the parent company	\$ 210,901	146,154	\$ 1.44
<u>Diluted EPS</u>			
Net income for the current period attributable to owners of ordinary shares of the parent company	\$ 210,901	146,154	
The effects of dilutive potential common shares			
Profit sharing bonus to employees	-	138	
Net income for the current period attributable to common shareholders of the parent company plus the effects of potential common shares	\$ 210,901	146,292	\$ 1.44

(XXXI) Supplemental cash flow information

Investing activities with only partial cash payments:

	Three months ended March 31, 2025	Three months ended March 31, 2024
(1) Property, plant and equipment	\$ 15,695	\$ 9,950
Add: Equipment payables at beginning of period (presented as "other payables")	3,471	3,840
Less: Equipment payables at end of period (presented as "other payables")Add: Equipment payables at beginning of period (presented as "other payables")	(1,446)	(5,979)
Cash payments for acquisition of property, plant and equipment	<u>\$ 17,720</u>	<u>\$ 7,811</u>
	Three months ended March 31, 2025	Three months ended March 31, 2024
(2) Purchase of investment property	\$ -	\$ -
Add: Equipment payables at beginning of period (presented as "other payables")	-	666
Cash payments for acquisition of investment property	<u>\$ -</u>	<u>\$ 666</u>

(XXXII) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Long-term borrowings	Guarantee deposits received	Total liabilities from financing activities
At January 1, 2025	\$ 500,925	\$ 15,920	\$ 47,500	\$ 2,920	\$ 567,265
Changes in cash flow from financing activities	336,289	(6,863)	-	79	329,505
Changes in other non- cash items	(373)	20,808	-	-	20,435
At March 31, 2025	<u>\$ 836,841</u>	<u>\$ 29,865</u>	<u>\$ 47,500</u>	<u>\$ 2,999</u>	<u>\$ 917,205</u>

	Short-term borrowings	Lease liabilities	Guarantee deposits received	Total liabilities from financing activities
At January 1, 2024	\$ 609,000	\$ 47,358	\$ 2,655	\$ 659,013
Changes in cash flow from financing activities	242,556 (6,241)	237	236,552
Changes in other non- cash items	4,644 (315)	-	4,329
At March 31, 2024	<u>\$ 856,200</u>	<u>\$ 40,802</u>	<u>\$ 2,892</u>	<u>\$ 899,894</u>

VII. RELATED PARTY TRANSACTIONS

(I) Names of related parties and relationships

Name of related parties	Relationship with the Group
Tainan Enterprise (Cayman) Co., LTD.	Associates
NELSON SPORT CO., LTD.	Other related parties

(II) Significant related party transactions

1. Operating Revenue

	Three months ended March 31, 2025	Three months ended March 31, 2024
Sale of goods:		
Other related party	<u>\$ 12,730</u>	<u>\$ 7,080</u>

The collection terms for sales to related parties are net 60 days, while general customers are net 30 to 90 days. Other terms are the same as those for sales to general customers.

2. Purchases

	Three months ended March 31, 2025	Three months ended March 31, 2024
Purchase of goods:		
Associates	<u>\$ -</u>	<u>\$ 68</u>

The terms for purchases from related parties are the same as those for purchases from general suppliers, with payment terms of 3 months.

3. Other income

	Three months ended March 31, 2025	Three months ended March 31, 2024
Associates	<u>\$ 161</u>	<u>\$ 155</u>

4. Ending balance of accounts receivable from sales of goods and services

	March 31, 2025	December 31, 2024	March 31, 2024
Receivables from related parties:			
Other related parties	\$ 9,831	\$ -	\$ 2,058

Accounts receivable from related parties primarily result from sales transactions. These receivables are unsecured, non-interest bearing, and no allowance for losses has been recognized.

5. Accounts payable

	March 31, 2025	December 31, 2024	March 31, 2024
Associates	\$ -	\$ 291	\$ -

(III) Key management compensation

	Three months ended March 31, 2025	Three months ended March 31, 2024
Salaries and other short-term employee benefits	\$ 21,215	\$ 13,007
Post-employment benefits	1,885	290
	\$ 23,100	\$ 13,297

VIII. PLEDGED ASSETS

None.

IX. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(I) As of March 31, 2025, December 31, 2024, and March 31, 2024, the Group's contracted amounts for construction in progress not yet paid were NT\$334,980, NT\$319,510, and NT\$328,260, respectively.

(II) As of March 31, 2025, December 31, 2024, and March 31, 2024, the unused letters of credit amounted NT\$245,353, NT\$316,730, and NT\$236,292, respectively.

X. SIGNIFICANT DISASTER LOSS

None.

XI. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

XII. OTHERS

(I) Capital management

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern, maintain an optimal capital structure to reduce the cost of capital, and provide returns to shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

(II) Financial instruments

1. Financial instruments by Category

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 86,825	\$ 86,825	\$ 86,825
Financial assets at fair value through other comprehensive income			
Designation of equity instruments	\$ 1,058	\$ 1,239	\$ 738
Financial assets at amortized cost			
Cash and cash equivalents	\$ 997,297	\$ 804,611	\$ 705,488
Financial assets at amortized cost	842,993	809,787	815,701
Notes receivable	-	-	96
Accounts receivable	1,945,495	1,404,501	1,754,076
Other receivables	55,847	54,632	62,168
Guarantee deposits paid	15,909	15,748	15,164
	<u>\$ 3,857,541</u>	<u>\$ 3,089,279</u>	<u>\$ 3,352,693</u>

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial liabilities</u>			
Financial liabilities at amortized costs			
Short-term borrowings	\$ 836,841	\$ 500,925	\$ 856,200
Notes payable	3,170	9,732	6,178
Accounts payable	333,340	426,282	303,828
Other payables	411,215	499,779	418,641
Lease liabilities (including current portion)	29,865	15,920	40,802
Long-term borrowings	47,500	47,500	-
Guarantee deposits received	2,999	2,920	2,892
	<u>\$ 1,664,930</u>	<u>\$ 1,503,058</u>	<u>\$ 1,628,541</u>

2. Financial risk management policy

- (1) The Group's daily operations are affected by various financial risks, including market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. To reduce the adverse impact of uncertainty on the Group's financial performance, the Group enters into forward foreign exchange contracts and foreign exchange option contracts to hedge foreign exchange risk. The derivative instruments entered into by the Group are for hedging purposes and are not used for trading or speculation.
- (2) Risk management is carried out by the Group's finance department in accordance with policies approved by the Board of Directors. The Group's finance department is responsible for identifying, evaluating and hedging financial risks through close cooperation with operating units within the Group. The Board of Directors has established written principles for overall risk management and provides written policies for specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and investment of surplus liquid funds.

3. Significant financial risks and degrees of financial risks

(1) Market risk

Exchange risk

- A. The Group operates internationally and is therefore exposed to foreign exchange risk arising from transactions denominated in currencies other than the functional currencies of the Company and its subsidiaries, primarily USD and RMB. The related foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- B. The Group's management has established policies that require each

company within the Group to manage foreign exchange risk relative to their functional currencies. Each company should hedge their overall foreign exchange risk through the Group's finance department. Foreign exchange risk is measured through highly probable anticipated transactions involving USD and RMB expenditures, using forward foreign exchange contracts to reduce the impact of exchange rate fluctuations on expected inventory purchase costs.

- C. The Group's risk management policy focuses on appropriately hedging anticipated future cash flows in major currencies (primarily USD-denominated inventory purchases) to reduce exposure to major currencies.
- D. The Group holds investments in certain foreign operations, and their net assets are subject to foreign currency translation risk. The foreign exchange risk arising from the net assets of the Group's foreign operations is primarily managed through liabilities denominated in the relevant foreign currencies.
- E. The Group's business involves several non-functional currencies (the functional currency of the Company and some subsidiaries is New Taiwan Dollar, while the functional currency of some subsidiaries is USD and RMB), and is therefore affected by exchange rate fluctuations. Information on foreign currency assets and liabilities with significant exchange rate fluctuation impact is as follows:

(Foreign currencies: functional currency)	March 31, 2025		
	Foreign currencies amount	Exchange	Book Value
	(in thousands)	rate	
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 70,644	33.21	\$ 2,346,073
RMB:NTD	8,574	4.573	39,211
IDR:USD	8,601,220	0.000060	17,220
NTD:USD	16,181	0.03	16,181
VND:USD	5,211,000	0.000040	6,968
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	46,250	33.21	1,535,955
RMB:NTD	28,892	4.573	132,124
IDR:USD	54,734,674	0.000060	109,582
VND:USD	19,424,704	0.000040	25,973
EUR:NTD	84	35.97	3,029
	December 31, 2024		

(Foreign currencies: functional currency)	Foreign currencies amount (in thousands)	Exchange rate	Book Value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 51,708	32.79	\$ 1,695,508
RMB:NTD	9,504	4.478	42,558
IDR:USD	9,273,660	0.000062	18,815
NTD:USD	16,181	0.03	16,181
VND:USD	8,355,261	0.000041	11,217
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	39,656	32.79	1,300,319
IDR:USD	68,114,174	0.000062	138,193
RMB:NTD	23,252	4.478	104,122
VND:USD	29,789,079	0.000041	39,991

	March 31, 2024		
(Foreign currencies: functional currencies)	Foreign currencies (in thousands)	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 62,049	32.00	\$ 1,985,563
RMB:NTD	8,345	4.408	36,786
IDR:USD	12,146,662	0.000063	24,519
NTD:USD	15,880	0.03	15,880
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	32,005	32.00	1,024,164
RMB:NTD	30,887	4.408	136,148
IDR:USD	64,126,495	0.000063	129,443
VND:USD	16,779,621	0.000041	22,163

The sensitivity analysis for foreign exchange rate risk is primarily calculated based on foreign currency monetary items as of the end of the financial reporting period. When the New Taiwan Dollar appreciates or depreciates by 1% against various foreign currencies, with all other factors remaining constant, the Group's income before income tax for the three months ended March 31, 2025 and 2024 would increase or decrease by NT\$6,190 and NT\$7,508, respectively.

- F. The Group's monetary items recognized total exchange gains (including both realized and unrealized) due to significant impact from exchange rate fluctuations for the three months ended March 31, 2025 and 2024 amounted to NT\$21,987 and NT\$47,140, respectively.

Price risk

- A. The Group's exposure to price risk relates to equity instruments held that are recognized as financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. To manage the price risk of equity instrument investments, the Group diversifies its investment portfolio in accordance with limits set by the Group.
- B. The Group primarily invests in equity instruments issued by domestic companies. The prices of these equity instruments are affected by uncertainties regarding the future value of the underlying investments. If the prices of these equity instruments increase or decrease by 1%, with all other factors remaining constant, the Group's net income after tax for the three months ended March 31, 2025 and 2024 would both increase or decrease by NT\$868 due to gains or losses from equity instruments measured at fair value through profit or loss; other comprehensive income would increase or decrease by NT\$11 and NT\$7, respectively, due to gains or losses from equity investments classified as measured at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- A. The Group's interest rate risk mainly arises from bank borrowings issued at floating rates, which exposes the Group to cash flow interest rate risk. This risk is partially offset by cash and cash equivalents held at floating rates. The Group's borrowings issued at floating rates for the three months ended March 31, 2025 and 2024 were primarily denominated in New Taiwan Dollars and US Dollars.
- B. When borrowing interest rates increase or decrease by 1%, with all other factors remaining constant, the Group's net income after tax for the three months ended March 31, 2025 and 2024 would decrease or increase by NT\$77 and NT\$59, respectively, mainly due to changes in interest expenses resulting from floating rate borrowings.

(2) Credit risk

- A. The Group's credit risk arises from the risk of financial loss due to customers or counterparties of financial instruments failing to fulfill their contractual obligations. This risk primarily stems from counterparties' inability to settle accounts receivable according to collection terms and

contractual cash flows from debt instrument investments measured at amortized cost.

- B. The Group establishes credit risk management from a group perspective. For banking and financial institutions, the Group sets criteria that only those with independent credit ratings of at least "A" grade can be accepted as counterparties. In accordance with internally established credit policies, each operating entity within the Group must conduct management and credit risk analysis for every new customer before establishing payment and delivery terms and conditions. Internal risk control is implemented by assessing customers' credit quality through consideration of their financial condition, past experience, and other factors. Individual risk limits are established by the Board of Directors based on internal or external ratings, and credit limit utilization is monitored regularly.
- C. Under the Group's credit risk management, when contractual amounts are overdue by more than 30 days beyond the agreed payment terms, the credit risk of the financial asset is considered to have increased significantly.
- D. The Group adopts the rebuttable presumption provided by IFRS 9 that when contractual amounts are overdue by more than 90 days beyond the agreed payment terms, a default is considered to have occurred.
- E. The Group groups accounts receivable by customer rating and customer type characteristics, and applies the simplified approach to estimate expected credit losses for accounts receivable by adjusting historical and current information for specific periods with forward-looking considerations to estimate allowance for losses. The Group's loss rate method as of March 31, 2025, December 31, 2024, and March 31, 2024 is as follows:

	Expected loss rate	Book value	Allowance
<u>At March 31, 2025</u>			
Group A	0.06%	\$ 1,946,724	\$ 1,229
Individual A	100%	2,147	2,147
Total		<u>\$ 1,948,871</u>	<u>\$ 3,376</u>
<u>At December 31, 2024</u>			
Group A	0.09%	\$ 1,405,480	\$ 1,229
Individual A	53.58%	539	289
Individual B	100%	2,147	2,147
Total		<u>\$ 1,408,166</u>	<u>\$ 3,665</u>
<u>At March 31, 2024</u>			
Group A	0.20%	\$ 1,757,553	\$ 3,477
Individual A	100%	5,127	5,127
Total		<u>\$ 1,762,680</u>	<u>\$ 8,604</u>

- F. The Group's changes in allowance for doubtful accounts receivable using the simplified approach are as follows:

	Three months ended March 31, 2025	Three months ended March 31, 2024
At January 1	\$ 3,665	\$ 8,604
Reversal of expected credit losses	(289)	-
At March 31	<u>\$ 3,376</u>	<u>\$ 8,604</u>

- G. The Group incorporates forward-looking considerations and adjusts based on historical and current information to estimate the probability of default on debt instrument investments as of March 31, 2025, December 31, 2024, and March 31, 2024, and considers collateral held or other credit enhancements to estimate expected credit losses.

- H. The Group's changes in allowance for impairment losses on debt instrument investments measured at amortized cost are as follows:

	Three months ended March 31, 2025		Three months ended March 31, 2024	
	By duration		By duration	
	Those with notably increased credit risk	Those with credit impairment	Those with notably increased credit risk	Those with credit impairment
At January 1	\$ -	\$ 55,342	\$ -	\$ 51,831
Effects of foreign exchange	-	709	-	2,177
At March 31	<u>\$ -</u>	<u>\$ 56,051</u>	<u>\$ -</u>	<u>\$ 54,008</u>

(3) Liquidity risk

- A. Cash flow forecasting is performed by each operating entity within the Group and consolidated by the Group's Finance Department. The Group's Finance Department monitors the Group's liquidity requirements forecast to ensure sufficient funds are available to support operational needs and maintains adequate unused borrowing commitment facilities at all times so that the Group will not violate relevant borrowing limits or covenants.
- B. When surplus cash held by each operating entity exceeds the amount required for working capital management, the Group's Finance Department coordinates the investment of surplus funds in interest-bearing demand deposits, time deposits, and securities. The selected instruments have appropriate maturity dates or sufficient liquidity to meet the aforementioned forecasts and provide adequate funding capacity.
- C. Details of the Group's unused borrowing facilities are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Floating rate			
Expiring within			
one year	<u>\$ 4,287,107</u>	<u>\$ 4,494,621</u>	<u>\$ 3,903,147</u>

- D. The following table shows the Group's non-derivative financial liabilities grouped by relevant maturity dates and analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The contractual cash flow amounts disclosed in the table below are undiscounted amounts:

<u>March 31, 2025</u>	<u>Less than 1 year</u>	<u>Between 1-3 years</u>	<u>Between 3-5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 843,997	\$ -	\$ -	\$ -
Notes payable	3,170	-	-	-
Accounts payable	333,340	-	-	-
Other payables	411,215	-	-	-
Lease liabilities	24,299	6,939	-	-
Long-term borrowings	759	23,018	26,130	-
Guarantee deposits received	-	2,999	-	-

<u>December 31, 2024</u>	<u>Less than 1 year</u>	<u>Between 1-3 years</u>	<u>Between 3-5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 504,578	\$ -	\$ -	\$ -
Notes payable	9,732	-	-	-
Accounts payable	426,282	-	-	-
Other payables	499,779	-	-	-
Lease liabilities	12,537	4,027	-	-
Long-term borrowings	757	19,020	30,315	-
Guarantee deposits received	-	2,920	-	-

<u>March 31, 2024</u>	<u>Less than 1 year</u>	<u>Between 1-3 years</u>	<u>Between 3-5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 860,980	\$ -	\$ -	\$ -
Notes payable	6,178	-	-	-
Accounts payable	303,828	-	-	-

Other payables	418,641	-	-	-
Lease liabilities	31,921	10,810	-	-
Guarantee deposits received	-	2,892	-	-

- E. The Group does not expect the timing of cash flows in the maturity analysis to occur significantly earlier, or the actual amounts to be significantly different.

(III) Fair value information

1. The levels of valuation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:
 - Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Group's investments in TWSE/TPEX-listed company stocks fall under this category.
 - Level 2: Observable inputs for the asset or liability, either directly or indirectly, other than quoted prices included in Level 1.
 - Level 3: Unobservable inputs for the asset or liability. The Group's investments in equity securities without active markets fall under this category.
2. For fair value information of investment properties measured at cost, please refer to Note 6(11) Investment Properties, Net.
3. The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables, Guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, and guarantee deposits) are reasonable approximations of their fair values.
4. For financial and non-financial instruments measured at fair value, the Group classifies them based on the nature, characteristics, and risks of the assets and liabilities, as well as the fair value level basis. The related information is as follows:

- (1) The Group classifies assets and liabilities based on their nature. The related information is as follows:

<u>March 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets				
<u>Repetitive fair value</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 86,825	\$ 86,825
Financial assets at fair value through other comprehensive income				
Equity securities	1,058	-	-	1,058
	<u>\$ 1,058</u>	<u>\$ -</u>	<u>\$ 86,825</u>	<u>\$ 87,883</u>
 <u>December 31, 2024</u>	 <u>Level 1</u>	 <u>Level 2</u>	 <u>Level 3</u>	 <u>Total</u>
Financial assets				
<u>Repetitive fair value</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 86,825	\$ 86,825
Financial assets at fair value through other comprehensive income				
Equity securities	1,239	-	-	1,239
	<u>\$ 1,239</u>	<u>\$ -</u>	<u>\$ 86,825</u>	<u>\$ 88,064</u>

<u>March 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets				
<u>Repetitive fair value</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 86,825	\$ 86,825
Financial assets at fair value through other comprehensive income				
Equity securities	738	-	-	738
	<u>\$ 738</u>	<u>\$ -</u>	<u>\$ 86,825</u>	<u>\$ 87,563</u>

- (2) The methods and assumptions used by the Group to measure fair value are described as follows:
- A. The Group uses market quotations (closing prices for TWSE/TPEX-listed company stocks) as fair value inputs (i.e., Level 1).
 - B. Except for the aforementioned financial instruments with active markets, the fair values of other financial instruments are obtained through valuation techniques or by reference to counterparty quotations. Fair values obtained through valuation techniques may reference the current fair values of other financial instruments with substantially similar terms and characteristics, discounted cash flow methods, or other valuation techniques, including calculations derived from models using market information available as of the consolidated balance sheet date.
 - C. Some of the Group's equity instrument investments without active markets adopt valuation techniques using the market approach (price-to-book ratio, P/B ratio) and asset approach (adjusted book value method), using the price-to-net-value-per-share ratio of recent identical or similar transactions in the market as observable inputs to estimate the fair value of the disposal group.
- (3) There were no transfers between Level 1 and Level 2, nor any transfers into or out of Level 3 for the three months ended March 31, 2025 and 2024.

- (4) The changes in Level 3 for the three months ended March 31, 2025 and 2024 are as follows:

	Equity securities (Note)	
	Three months ended March 31, 2025	Three months ended March 31, 2024
Balance at beginning and end of period	\$ 86,825	\$ 86,825

(Note) Considering that the fair value changes of Level 3 equity securities for the three months ended March 31, 2025 and 2024 were not material, no adjustments were made.

- (5) The quantitative information regarding significant unobservable inputs of valuation models used for Level 3 fair value measurement items and the sensitivity analysis of changes in significant unobservable inputs are described as follows:

	Fair value at March 31, 2025	Valuation technique	Significant unobservable inputs	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instruments:					
Unlisted shares	\$ 88,901	Market approach (price-to-book ratio)/Asset approach (adjusted book value method)	Discount for lack of marketability /Discount for lack of control	30%	The higher the discount for lack of marketability, the lower the fair value, and the higher the minority interest discount, the lower the fair value.
	Fair value at December 31, 2024	Valuation technique	Significant unobservable inputs	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instruments:					
Unlisted shares	\$ 96,549	Market approach (price-to-book ratio)/Asset approach (adjusted book value method)	Discount for lack of marketability /Discount for lack of control	30%	The higher the discount for lack of marketability, the lower the fair value, and the higher the minority interest discount, the lower the fair value.

	Fair value at March 31, 2024	Valuation technique	Significant unobservable inputs	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instruments:					
Unlisted shares	\$ 95,167	Market approach (price-to-book ratio)/Asset approach (adjusted book value method)	Discount for lack of marketability /Discount for lack of control	30%	The higher the discount for lack of marketability, the lower the fair value, and the higher the minority interest discount, the lower the fair value.

- (6) The Group has carefully evaluated and selected the valuation models and valuation parameters used, and therefore considers the fair value measurements to be reasonable. However, the use of different valuation models or valuation parameters may result in different valuation outcomes. For financial assets classified as Level 3, if the valuation parameters change, the impact on current period profit or loss or other comprehensive income is as follows:

		March 31, 2025				
		Input	Changes	Recognized in profit or loss		Recognized in other comprehensive income
				Favorable changes	Unfavorable changes	Favorable changes
Financial assets	Equity instruments	Discount for lack of marketability and discount for lack of control	±10%	\$ 12,700	(\$ 12,700)	\$ -
						\$ -

		December 31, 2024				
		Input	Changes	Recognized in profit or loss		Recognized in other comprehensive income
				Favorable changes	Unfavorable changes	Favorable changes
Financial assets	Equity instruments	Discount for lack of marketability and discount for lack of control	±10%	\$ 13,793	(\$ 13,793)	\$ -
						\$ -

			March 31, 2024			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets	Input	Changes				
Equity instruments	Discount for lack of marketability and discount for lack of control	±10%	\$ 13,595	(\$ 13,595)	\$ -	\$ -

XIII. SUPPLEMENT DISCLOSURES

As required, only information for January to March 2025 is disclosed.

(I) Significant transactions information

1. Lending funds to others: Please refer to Table 1.
2. Endorsements and guarantees for others: No such circumstance.
3. Significant marketable securities held at period end (excluding investments in subsidiaries, associates and joint venture equity): Please refer to Table 2.
4. Purchases from and sales to related parties amounting to NT\$100 million or 20% or more of paid-in capital: Please refer to Table 3.
5. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please refer to Table 4
6. Business relationships and significant transactions between parent and subsidiary companies: Please refer to Table 5.

(II) Information on investees

Names, locations, and related information of investees over which TSMC exercises significant influence (excluding information on investment in China): Please refer to Table 6.

(III) Information on investment in Mainland China

1. Basic information: Please refer to Table 7.
2. Significant transactions with investee companies in China conducted directly or indirectly through third regions: Please refer to Table 8.

XIV. SEGMENT INFORMATION

(I) General information

The Group's management has identified reportable segments based on the reporting information used by the chief operating decision maker in making decisions. The Group's chief operating decision maker manages the business from a company perspective.

(II) Information on departmental profit or loss, assets and liabilities

The reportable department information provided to the chief operating decision maker is as follows:

	Three months ended March 31, 2025		
	Garment production	Investment	Total
Segment revenue	\$ 3,999,435	\$ -	\$ 3,999,435
Internal segment revenue	(1,503,302)	-	(1,503,302)
Revenue from external customers	2,496,133	-	2,496,133
Interest income	-	13,911	13,911
Depreciation and amortization	33,770	-	33,770
Finance costs	4,870	4,810	9,680
Segment profit or loss before income tax	205,885	6,221	212,106
Segment assets	4,910,549	1,378,298	6,288,847
Segment liabilities	1,067,603	856,634	1,924,237

	Three months ended March 31, 2024		
	Garment production	Investment	Total
Segment revenue	\$ 3,737,611	\$ -	\$ 3,737,611
Internal segment revenue	(1,423,641)	-	(1,423,641)
Revenue from external customers	2,313,970	-	2,313,970
Interest income	-	11,221	11,221
Depreciation and amortization	33,771	-	33,771
Finance costs	4,085	3,704	7,789
Segment profit or loss before income tax	233,090	4,876	237,966
Segment assets	4,736,909	1,131,143	5,868,052
Segment liabilities	1,053,301	803,916	1,857,217

(III) Adjustment information on departmental profit or loss, total assets and total liabilities

Inter-departmental sales are conducted on an arm's length basis. External revenue reported to the chief operating decision maker is measured consistently with revenue in the consolidated statements of comprehensive income, and the segment profit or loss amounts provided to the chief operating decision maker are measured consistently with the Group's consolidated financial statements; therefore, no reconciliation is required.

Tainan Enterprises Co., Ltd. and Subsidiaries

Financings provided

January 1 to March 31, 2025

Table 1

(In Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Highest Balance for the Period	Balance, End of Period	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Loss	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)	Note
													Item	Value			
1	Tainan Enterprise (BVI) Co., Ltd.	PT.Andalan Mandiri	Other receivables	Y	\$ 66,420	\$ 66,420	\$ 31,550	—	(Note 1)	\$ -	- Working capital turnover	\$ -	—	\$ -	\$ 1,411,238	\$ 1,411,238	—
		Busana															
		Tainan Enterprises (Vietnam) Co., Ltd.	Other receivables	Y	166,050	166,050	109,593	—	(Note 1)	-	- Working capital turnover	-	—	-	1,411,238	1,411,238	—
		Yong Jeng International Co., Ltd.	Other receivables	N	49,815	49,815	42,226	4%	(Note 1)	-	- Working capital turnover	-	—	-	529,214	529,214	—

Note 1: There is a necessity for short-term financing.

Note 2: In accordance with the Procedures for Lending Funds to Others, the calculation of the lending limit for individual entities and the total lending limit is as follows:

1. Total lending limit: 40% of net worth per the most recent financial statements; however, for entities with financing necessity only, the limit is 30% of net worth per the most recent financial statements.
2. Individual entity limit:
 - (1) Entities with business transactions: Each company shall not exceed the amount of business transactions.
 - (2) Entities with financing necessity: Each company shall not exceed 30% of net worth per the most recent financial statements.
 - (3) Lending funds to R.O.C. offshore companies in which the same parent company directly or indirectly holds 100% of voting shares shall not exceed 80% of the lending company's net worth per the most recent financial statements.
 - (4) For entities with both aforementioned conditions (1) and (2), the limits shall be calculated on a combined basis, but shall not exceed the total lending limit.

Note 3: Amounts in this table involving foreign currencies are converted to New Taiwan Dollars using the exchange rate as of the financial reporting date (USD: NTD 1:33.21).

Tainan Enterprises Co., Ltd. and Subsidiaries

Significant marketable securities held at period end (excluding investments in subsidiaries, associates and joint venture equity)

March 31, 2025

Table 2

(In Thousands of New Taiwan Dollars)

Investor	Type and Name of Securities	Relationship with the Securities Issuer	Listed items (Note 1)	End of period				
				Number of Shares (in thousands)	Book Value	Ownership percentage	Fair value	Note
Tainan Enterprises Co., Ltd.	Bonds:							
	DEUTSCHE BANK AG 3.6615% DUE 10 APR 2025	—	1	- \$	31,960	- \$	31,960	—
	Stocks:							
	Koche Development Co., Ltd.	Substantive related party	3	5,565	60,939	13.58%	61,972	—
	Koche Global Co., Ltd.	Substantive related party	3	4,350	25,886	10.73%	26,929	—
	Deltamac (Taiwan) Co., Ltd.	—	4	40	1,058	0.11%	1,058	—
Tainan Enterprise (BVI) Co., Ltd.	Bonds:							
	DEUTSCHE BANK AG 4.5% DUE 1 APR 2025	—	1	-	77,352	-	77,352	—
	BARCLAYS PLC 5.2% DUE 12 MAY 2026 etc.	—	2	-	727,039	-	727,039	—
	Stocks:							
	NETSOL TECH-NOLOGIES INC.	—	3	44	-	0.27%	-	—

Note 1: The recognized items include the following four types, with categories indicated:

1. Financial assets at amortized cost - current.
2. Financial assets at amortized cost - non-current.
3. Financial assets at fair value through profit or loss - non-current.
4. Financial assets at fair value through other comprehensive income - non-current.

Note 2: Amounts in this table involving foreign currencies are converted to New Taiwan Dollars using the exchange rates as of the financial reporting date (USD: NTD 1:33.21; RMB: USD 1:0.1377).

Tainan Enterprises Co., Ltd. and Subsidiaries

Total purchases from or sales to related parties of at least nt\$100 million or 20% of the paid-in capital

January 1 to March 31, 2025

Table 3

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationships	Transaction				Difference in Transaction Terms Compared to Third Party		Notes/ Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Credit Terms	Unit Price	Credit Terms	Balance	% to Total	
Tainan Enterprises Co., Ltd.	PT Tainan Enterprise Indonesia	Subsidiary	Purchases	\$ 640,628	51%	(Note 1)	\$ -	—	(\$ 404,985)	(65%)	—
PT Tainan Enterprise Indonesia	Tainan Enterprises Co., Ltd.	The Company	(Sales)	(640,628)	(99%)	(Note 1)	-	—	404,985	99%	—

Note 1: Receipt and payment terms for purchases and sales to related parties in close its accounts in 3 months.

Note 2: Amounts in this table involving foreign currencies are converted to New Taiwan Dollars using the exchange rate as of the financial reporting date (USD: NTD 1:33.21).

Tainan Enterprises Co., Ltd. And Subsidiaries

Receivables from related parties amounting to at least nt\$100 million or 20% of the paid-in capital

March 31, 2025

Table 4

(In Thousands of New Taiwan Dollars)

Company Name	Counterparty	Relationships	Receivables from Related Parties			Overdue receivables		Amount Collected Subsequent to the Balance Sheet Date	Allowance for Doubtful Accounts
			Item	Amount	Turnover Rate	Amount	Action Taken		
PT. Tainan Enterprise Indonesia	Tainan Enterprises Co., Ltd.	The Company	Accounts receivable	\$ 404,985	6.94	\$ -	—	\$ 180,942	\$ -
PT.Andalan Mandiri Busana	Tainan Enterprises Co., Ltd.	The Company	Accounts receivable	116,168	9.54	-	—	56,473	-
Tainan Enterprise (Cambodia) Co., Ltd.	Tainan Enterprises Co., Ltd.	The Company	Accounts receivable	160,392	7.89	-	—	50,811	-
Yixing Gaoqing Garment Co., Ltd.	Tainan Enterprises Co., Ltd.	The Company	Accounts receivable	132,147	2.98	-	—	15,009	-
Jin-Sovann Fashions(Cambodia) Limited	Tainan Enterprises Co., Ltd.	The Company	Accounts receivable	123,886	2.50	-	—	36,863	-
Tainan Enterprise (BVI) Co., Ltd.	Tainan Enterprises (Vietnam) Co., Ltd.	Subsidiary	Other receivables	109,593	—	-	—	-	-

(Note) Amounts in this table involving foreign currencies are converted to New Taiwan Dollars using the exchange rates as of the financial reporting date (USD: NTD 1:33.21; RMB: USD 1:0.1377).

Tainan Enterprises Co., Ltd. and Subsidiaries

Intercompany relationships and significant intercompany transactions

January 1 to March 31, 2025

Table 5

(In Thousands of New Taiwan Dollars)

Number (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transactions			Percentage of Consolidated Net Revenue or Total Assets (Note 3)
				General Ledger Account	Amount	Terms	
0	Tainan Enterprises Co., Ltd.	PT. Tainan Enterprise Indonesia	1	Purchases	\$ 640,628	Payment in 3 months	26%
			1	Accounts payable	404,985	—	6%
			1	Service revenue	27,723	—	1%
		PT.Andalan Mandiri Busana	1	Outsourcing fee	232,568	—	9%
			1	Service revenue	23,141	—	1%
			1	Other payables	116,168	—	2%
		Tainan Enterprise (Cambodia) Co., Ltd.	1	Outsourcing fee	337,886	—	14%
			1	Service revenue	29,610	—	1%
			1	Other payables	160,392	—	3%
		Tainan Enterprises (Vietnam) Co., Ltd.	1	Outsourcing fee	95,498	—	4%
			1	Prepaid expenses	44,050	—	1%
		Yixing Gaoqing Garment Co., Ltd.	1	Outsourcing fee	83,787	—	3%
			1	Other payables	132,147	—	2%
		Jin-Sovann Fashions(Cambodia) Limited	1	Outsourcing fee	69,022	—	3%
			1	Other payables	123,886	—	2%
1	Tainan Enterprise (BVI) Co., Ltd.	PT.Andalan Mandiri Busana	3	Other receivables	31,550	—	1%
		Tainan Enterprises (Vietnam) Co., Ltd.	3	Other receivables	109,593	—	2%
2	Tainan Enterprise (Cambodia) Co., Ltd.	Jin-Sovann Fashions(Cambodia) Limited	3	Outsourcing fee	38,488	—	2%
3	Beyoung Fashion Co., Ltd.	Jin-Sovann Fashions(Cambodia) Limited	3	Other payables	52,048	—	1%

Note 1: Information on business transactions between the parent company and subsidiaries should be numbered separately in the number column, with the numbering method as follows:

1. The company is 0.
2. Subsidiaries are numbered sequentially starting from Arabic numeral 1 by company.

Note 2: There are three types of relationships with transaction parties, indicate the type only:

1. The company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: The calculation of transaction amounts as a percentage of consolidated total revenue or total assets is as follows: for balance sheet items, calculated based on ending balance as a percentage of consolidated total assets; for income statement items, calculated based on year-end cumulative amount as a percentage of consolidated total revenue.

Note 4: Since the transaction counterparties, relationships with related parties, and transaction circumstances between parent and subsidiary companies are identical to their respective counterparties, they are not separately disclosed.

Note 5: The disclosure threshold for significant transactions is NT\$10 million or above.

Note 6: Amounts in this table involving foreign currencies are converted to New Taiwan Dollars using the exchange rates as of the financial reporting date (USD: NTD 1:33.21; RMB: USD 1:0.1377).

Tainan Enterprises Co., Ltd. and Subsidiaries

Names, locations, and related information of investees over which the company exercises significant influence (excluding information on investment in Mainland China)

January 1 to March 31, 2025

Table 6

(In Thousands of New Taiwan Dollars)

Name of Investor	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Shares Held at End of Period			Net Income (Losses) of the Investee	Investment Income (Losses) for the Current Period	Note
				End of the Current Period	End of Last Year	Number of Shares	Percentage of Ownership	Book Value			
Tainan Enterprises Co., Ltd.	Tainan Enterprise (BVI) Co., Ltd.	British Virgin Islands (BVI)	Professional investment	\$ 517,058	\$ 517,058	170,000	100.00	\$ 1,764,047	\$ 46,613	\$ 45,751	Subsidiary
	Tainan Enterprise (Indonesia) Co., Ltd.	Indonesia	Garment processing production and selling	64,446	64,446	2,400,000	100.00	477,753	19,835	20,159	Subsidiary
	PT.Andalan Mandiri Busana	Indonesia	Garment processing production and selling	182,024	182,024	6,000	100.00	243,115	20,017	20,017	Subsidiary
	PT Cahaya Indah Global	Indonesia	Garment processing production and selling	74,069	74,069	2,350,000	100.00	77,831	(140)	(140)	Subsidiary
	Tainan Enterprise (Cambodia) Co., Ltd.	Cambodia	Garment processing production and selling	29,585	29,585	1,000	100.00	299,524	48,784	48,784	Subsidiary
	Tainan Enterprises (Vietnam) Co., Ltd.	Vietnam	Garment processing production and selling	319,090	319,090	-	100.00	181,917	2,345	2,345	Subsidiary
	Beyoung Fashion Co., Ltd.	Taiwan	Garment processing production and selling	141,742	141,742	5,050,000	100.00	36,291	(939)	(939)	Subsidiary
Tainan Enterprise (BVI) Co., Ltd.	T&G Fashion Co., Ltd.	Seychelles	Professional investment	130,176	130,176	3,300,000	100.00	251,699	11,179	-	Subsidiary (Note 1)
	Tainan Enterprise (Cayman) Co., Ltd.	Cayman Islands	Professional investment	233,506	233,506	4,689,940	13.39	98,116	13,054	-	(Note 1)
T&G Fashion Co., Ltd.	Jin-Sovann Fashions(Cambodia) Limited	Cambodia	Garment processing production and selling	33,210	33,210	-	100.00	210,777	10,827	-	Subsidiary (Note 1)
	Camitex II (Cambodia) MGF	Cambodia	Garment processing production and selling	20,362	20,362	100	100.00	86	-	-	Subsidiary (Note 1) (Note 2)

Tainan Enterprises Co., Ltd. and Subsidiaries

Information on Investment in Mainland China: Basic Information

January 1 to March 31, 2025

Table 7

(In Thousands of New Taiwan Dollars)

Investee in Mainland China	Main Businesses	Paid-in Capital	Method of Investment	Cumulative investment amount remitted from Taiwan at the beginning of the current period	Investment Flows		Cumulative investment amount remitted from Taiwan at the end of the current period	Net Income (Losses) of the Investee	Percentage of Ownership	Investment Profit/Loss Recognized for the Current Period	Carrying Amount as of March 31, 2025	Accumulated Inward Remittance of Earnings as of March 31, 2025	Note
					Outflow (US\$ in Thousands)	Inflow							
Yixing Gaoqing Garment Co., Ltd.	Garment processing production and selling	\$ 149,445	(Note 1)	\$ 99,630	\$ -	\$ -	\$ 99,630	\$ 22,402	100.00	\$ 22,402	\$ 156,984	\$ -	(Note 3)

Company Name	Cumulative investment amount remitted from Taiwan to China at the end of the current period	Investment amount approved by the Investment Commission, Ministry of Economic Affairs	Investment limit for China as regulated by the Investment Commission, Ministry of Economic Affairs
Tainan Enterprises Co., Ltd.	\$ 320,513	\$ 1,291,825	(Note 4)

Note 1: Investment in China companies through a third-region company (Tainan Enterprise (BVI) Co., Ltd.).

Note 2: Recognized and measured based on financial reports reviewed by independent auditors.

Note 3: Of which \$49,815 (USD 1,500 thousand) represents indirect investment in China companies using proprietary funds of the third-region company Tainan Enterprise (BVI) Co., Ltd.

Note 4: Enterprises approved by the Ministry of Economic Affairs as operational headquarters are not subject to amount or percentage limits.

Note 5: Amounts in this table involving foreign currencies are converted to New Taiwan Dollars using the exchange rates as of the financial reporting date (USD: NTD 1:33.21; RMB: USD 1:0.1377).

Tainan Enterprises Co., Ltd. and Subsidiaries

Information on investments in China - Significant transactions with investee companies in China conducted directly or indirectly through third regions

January 1 to March 31, 2025

Table 8

(In Thousands of New Taiwan Dollars)

Investee in Mainland China	Sales (Purchase)		Property transaction		Accounts receivable (payable)		Endorsement of negotiable instruments or provision of collateral		Financing arrangements				Others
	Amount	%	Amount	%	Balance	%	Balance, end of period	Purpose	Maximum balance	Balance, end of period	Interest rate	Interest for the current period	
Yixing Gaoqing Garment Co., Ltd.	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -	-	\$ -	External process cost
													\$ 83,787
													Other payables
													\$ 132,147

(Note) Amounts in this table involving foreign currencies are converted to New Taiwan Dollars using the exchange rates as of the financial reporting date (USD: NTD 1:33.21; RMB: USD 1:0.1377).