

Dyaco International Inc. and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Dyaco International Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Dyaco International Inc. (the "Corporation") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2024 and 2023, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the related notes, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements NO. 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Chien-Hsin Hsieh and Wan-I Liao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 13, 2024

Notice to Readers

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

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

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalent (Note 6)	\$ 1,047,219	10	\$ 1,158,512	10	\$ 1,035,549	9
Financial assets at fair value through profit or loss (Note 7)	40,472	-	16,555	-	17,949	-
Financial assets at amortized cost (Notes 9 and 36)	77,933	1	83,095	1	216,850	2
Notes receivable (Notes 10 and 27)	2,775	-	984	-	1,867	-
Accounts receivable (Notes 10 and 27)	916,076	8	1,071,044	9	1,244,392	11
Other receivables (Note 10)	13,273	-	15,099	-	35,641	-
Current tax assets (Note 29)	84,136	1	93,998	1	43,344	-
Inventories (Notes 11 and 38)	2,354,692	21	2,474,495	22	2,616,825	23
Prepayments (Note 12)	218,744	2	187,734	2	204,442	2
Other current assets	9,761	-	12,395	-	10,534	-
Total current assets	<u>4,765,081</u>	<u>43</u>	<u>5,113,911</u>	<u>45</u>	<u>5,427,393</u>	<u>47</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss (Note 7)	123,106	1	118,124	1	152,250	1
Financial assets at fair value through other comprehensive income (Note 8)	52,770	1	50,970	1	65,718	1
Financial assets at amortized cost- non-current (Note 9)	30,400	-	6,141	-	13,703	-
Investments accounted for using the equity method (Note 14)	6,334	-	6,368	-	6,673	-
Property, plant and equipment (Notes 15, 35 and 36)	3,915,305	35	3,755,859	33	3,738,564	32
Right-of-use assets (Notes 16 and 36)	293,737	3	286,306	3	306,720	3
Investment properties (Notes 17 and 36)	24,866	-	25,258	-	26,143	-
Goodwill (Note 18)	579,376	5	560,815	5	555,678	5
Other intangible assets (Note 19)	763,773	7	754,346	7	774,439	7
Deferred income tax assets (Note 29)	516,990	5	493,769	4	481,220	4
Prepayments for equipment	2,882	-	3,679	-	7,601	-
Refundable deposits	41,732	-	78,064	1	28,902	-
Other non-current assets	6,950	-	35,564	-	8,706	-
Total non-current assets	<u>6,358,221</u>	<u>57</u>	<u>6,175,263</u>	<u>55</u>	<u>6,166,317</u>	<u>53</u>
TOTAL	<u>\$ 11,123,302</u>	<u>100</u>	<u>\$ 11,289,174</u>	<u>100</u>	<u>\$ 11,593,710</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 20 and 36)	\$ 1,923,120	17	\$ 2,118,015	19	\$ 2,090,873	18
Financial liabilities at fair value through profit or loss (Note 7)	2,665	-	-	-	22,005	-
Contract liabilities (Note 27)	146,659	2	145,721	1	161,413	2
Notes payable (Note 22)	35,064	-	43,705	1	37,854	-
Accounts payable (Note 22)	845,908	8	941,012	8	940,558	8
Other payables (Note 23)	457,214	4	457,690	4	486,264	4
Other payables to related parties (Note 35)	2,560	-	8,598	-	8,973	-
Current income tax liabilities (Note 29)	24,266	-	7,066	-	16,790	-
Provisions (Note 24)	12,766	-	12,044	-	14,106	-
Lease liabilities (Note 16)	12,837	-	11,613	-	15,977	-
Current portion of bonds payable (Notes 4 and 21)	1,200	-	1,200	-	1,403,358	12
Current portion of long-term borrowings (Notes 20 and 36)	284,528	3	296,527	3	232,009	2
Other current liabilities	31,896	-	38,492	-	41,958	1
Total current liabilities	<u>3,780,683</u>	<u>34</u>	<u>4,081,683</u>	<u>36</u>	<u>5,472,138</u>	<u>47</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 20 and 36)	1,922,678	17	1,918,802	17	1,596,255	14
Deferred tax liabilities (Note 29)	440,039	4	423,526	4	445,173	4
Lease liabilities (Note 16)	17,560	-	13,926	-	20,477	-
Long-term payable (Note 23)	59,056	1	58,829	1	83,413	1
Other payables to related parties (Note 35)	7,680	-	7,369	-	-	-
Net defined benefit liabilities (Note 25)	12,058	-	11,647	-	16,672	-
Guarantee deposits received	1,606	-	1,715	-	1,722	-
Total non-current liabilities	<u>2,460,677</u>	<u>22</u>	<u>2,435,814</u>	<u>22</u>	<u>2,163,712</u>	<u>19</u>
Total liabilities	<u>6,241,360</u>	<u>56</u>	<u>6,517,497</u>	<u>58</u>	<u>7,635,850</u>	<u>66</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 26)						
Share capital						
Ordinary shares	1,596,097	14	1,596,097	14	1,341,147	11
Advance share capital	-	-	-	-	4,950	-
Total share capital	<u>1,596,097</u>	<u>14</u>	<u>1,596,097</u>	<u>14</u>	<u>1,346,097</u>	<u>11</u>
Capital surplus	2,757,513	25	2,756,721	25	2,163,341	19
Retained earnings						
Legal reserve	329,002	3	329,002	3	329,002	3
Special reserve	126,177	1	126,177	1	238,087	2
Unappropriated earnings (accumulated deficit)	133,187	1	100,471	1	(4,953)	-
Total retained earnings	<u>588,366</u>	<u>5</u>	<u>555,650</u>	<u>5</u>	<u>562,136</u>	<u>5</u>
Other equity	(46,613)	-	(125,684)	(1)	(131,944)	(1)
Treasury shares	(408,690)	(4)	(408,690)	(4)	(408,690)	(4)
Total equity attributable to owners of the Corporation	4,486,673	40	4,374,094	39	3,530,940	30
NON-CONTROLLING INTERESTS	<u>395,269</u>	<u>4</u>	<u>397,583</u>	<u>3</u>	<u>426,920</u>	<u>4</u>
Total equity	<u>4,881,942</u>	<u>44</u>	<u>4,771,677</u>	<u>42</u>	<u>3,957,860</u>	<u>34</u>
TOTAL	<u>\$ 11,123,302</u>	<u>100</u>	<u>\$ 11,289,174</u>	<u>100</u>	<u>\$ 11,593,710</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUES (Note 27)	\$ 1,836,719	104	\$ 2,279,518	102
LESS: SALES RETURNS	11,363	1	12,642	1
SALES DISCOUNTS AND ALLOWANCES	<u>61,320</u>	<u>3</u>	<u>21,315</u>	<u>1</u>
NET OPERATING REVENUE	1,764,036	100	2,245,561	100
OPERATING COSTS (Notes 11 and 28)				
Cost of sales	<u>1,179,145</u>	<u>67</u>	<u>1,520,847</u>	<u>68</u>
GROSS PROFIT	<u>584,891</u>	<u>33</u>	<u>724,714</u>	<u>32</u>
OPERATING EXPENSES (Notes 28 and 35)				
Selling and marketing	416,513	24	591,557	26
General and administrative	213,497	12	187,521	9
Research and development	28,563	2	26,293	1
Expected credit (gain) loss (Note 10)	<u>9,388</u>	<u>-</u>	<u>(41,767)</u>	<u>(2)</u>
Total operating expenses	<u>667,961</u>	<u>38</u>	<u>763,604</u>	<u>34</u>
OTHER OPERATING INCOME AND EXPENSES (Note 28)	<u>(291)</u>	<u>-</u>	<u>(6)</u>	<u>-</u>
LOSS FROM OPERATIONS	<u>(83,361)</u>	<u>(5)</u>	<u>(38,896)</u>	<u>(2)</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	3,167	-	2,593	-
Rental income	2,101	-	2,687	-
Other income	9,379	-	4,080	-
Foreign exchange gain (loss), net (Note 28)	115,534	7	(30,609)	(1)
Gain on valuation of financial instruments	2,234	-	8,460	-
Other expenses	(15)	-	(14)	-
Interest expense	(22,485)	(1)	(26,312)	(1)
Share of loss of associates	<u>(83)</u>	<u>-</u>	<u>(94)</u>	<u>-</u>
Total non-operating income and expenses	<u>109,832</u>	<u>6</u>	<u>(39,209)</u>	<u>(2)</u>
PROFIT (LOSS) BEFORE INCOME TAX	26,471	1	(78,105)	(4)
INCOME TAX BENEFIT (EXPENSE) (Note 29)	<u>1,377</u>	<u>-</u>	<u>(1,896)</u>	<u>-</u>
NET PROFIT (LOSS)	<u>27,848</u>	<u>1</u>	<u>(80,001)</u>	<u>(4)</u>

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DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	\$ 1,735	-	\$ -	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>79,992</u>	<u>5</u>	<u>(2,220)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 109,575</u>	<u>6</u>	<u>\$ (82,221)</u>	<u>(4)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 32,716	2	\$ (112,560)	(5)
Non-controlling interests	<u>(4,868)</u>	<u>-</u>	<u>32,559</u>	<u>1</u>
	<u>\$ 27,848</u>	<u>2</u>	<u>\$ (80,001)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 111,787	6	\$ (118,327)	(5)
Non-controlling interests	<u>(2,212)</u>	<u>-</u>	<u>36,106</u>	<u>1</u>
	<u>\$ 109,575</u>	<u>6</u>	<u>\$ (82,221)</u>	<u>(4)</u>
EARNING (LOSS) PER SHARE (Note 30)				
Basic	<u>\$ 0.22</u>		<u>\$ (0.90)</u>	
Diluted	<u>\$ 0.22</u>			

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)

	Equity Attributable to Owners of the Corporation (Note 26)											
	Share Capital		Retained Earnings				Other Equity		Treasury Shares	Total	Non-controlling Interests (Notes 13 and 26)	Total Equity
	Shares Capital	Advance Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2023	\$ 1,341,147	\$ -	\$ 2,142,919	\$ 329,002	\$ 238,087	\$ 170,420	\$ (118,910)	\$ (7,267)	\$ (426,290)	\$ 3,669,108	\$ 394,852	\$ 4,063,960
Issuance of ordinary shares under employee share options (Note 31)	-	4,950	19,075	-	-	-	-	-	-	24,025	282	24,307
Changes in capital surplus from investments using the equity method	-	-	4,320	-	-	-	-	-	-	4,320	(4,320)	-
Appropriation of prior year's earnings Cash dividends to shareholder - NT\$0.5 per share	-	-	-	-	-	(62,813)	-	-	-	(62,813)	-	(62,813)
Net profit (loss) for the three months ended March 31, 2023	-	-	-	-	-	(112,560)	-	-	-	(112,560)	32,559	(80,001)
Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	-	(5,767)	-	-	(5,767)	3,547	(2,220)
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	(112,560)	(5,767)	-	-	(118,327)	36,106	(82,221)
Treasury shares transferred to employees (Note 26)	-	-	(2,973)	-	-	-	-	-	17,600	14,627	-	14,627
BALANCE AT MARCH 31, 2023	\$ 1,341,147	\$ 4,950	\$ 2,163,341	\$ 329,002	\$ 238,087	\$ (4,953)	\$ (124,677)	\$ (7,267)	\$ (408,690)	\$ 3,530,940	\$ 426,920	\$ 3,957,860
BALANCE AT JANUARY 1, 2024	\$ 1,596,097	\$ -	\$ 2,756,721	\$ 329,002	\$ 126,177	\$ 100,471	\$ (103,756)	\$ (21,928)	\$ (408,690)	\$ 4,374,094	\$ 397,583	\$ 4,771,677
Issuance of ordinary shares under employee share options (Note 31)	-	-	678	-	-	-	-	-	-	678	12	690
Changes in percentage of ownership interests in subsidiaries	-	-	114	-	-	-	-	-	-	114	(114)	-
Net profit (loss) for the three months ended March 31, 2024	-	-	-	-	-	32,716	-	-	-	32,716	(4,868)	27,848
Other comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	-	77,336	1,735	-	79,071	2,656	81,727
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	32,716	77,336	1,735	-	111,787	(2,212)	109,575
BALANCE AT MARCH 31, 2024	\$ 1,596,097	\$ -	\$ 2,757,513	\$ 329,002	\$ 126,177	\$ 133,187	\$ (26,420)	\$ (20,193)	\$ (408,690)	\$ 4,486,673	\$ 395,269	\$ 4,881,942

The accompanying notes are an integral part of the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ 26,471	\$ (78,105)
Adjustments for:		
Depreciation expense	42,923	45,374
Amortization expense	20,390	20,055
Expected credit loss (reversal gain) recognized	9,388	(41,767)
Interest expense	22,485	26,312
Interest income	(3,167)	(2,593)
Compensation costs of employee share options	690	7,031
Share of loss of associates	83	94
Loss on disposal of property, plant and equipment	291	6
Loss on inventories valuation and obsolescence	19,743	20,656
Unrealized loss (gain) on foreign currency exchange	(127,563)	19,061
Net gain on fair value changes of financial instruments at fair value through profit or loss	(2,234)	(8,460)
Gain on lease modification	(103)	-
Changes in operating assets and liabilities		
Notes receivable	(1,791)	(927)
Accounts receivable	184,071	(113,586)
Other receivables	1,826	29,535
Other receivables to related parties	-	24,909
Inventories	182,783	333,438
Prepayments	(31,010)	10,458
Other current assets	2,634	(3,854)
Contract liabilities	938	(16,154)
Notes payable	(8,641)	(8,263)
Accounts payable	(116,018)	(66,518)
Provisions	394	266
Other payables	(40,024)	(73,985)
Other payables to related parties	-	8,973
Other current liabilities	(6,596)	969
Net defined benefit liabilities	411	205
Cash generated from operations	178,374	133,130
Interest received	3,167	2,593
Interest paid	(22,843)	(22,106)
Income tax refunded (paid)	14,578	(7,210)
Net cash generated from operating activities	<u>173,276</u>	<u>106,407</u>

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DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	\$ (24,000)	\$ (17,400)
Purchase of financial assets measured at cost	(19,097)	-
Proceeds from sale of financial assets at amortized cost	-	40,735
Payments for property, plant and equipment (Note 32)	(124,166)	(81,348)
Proceeds from disposal of property, plant and equipment	343	-
Decrease in refundable deposits	36,332	11,348
Payments for intangible assets (Note 32)	(8,587)	(3,656)
Decrease in other non-current assets	<u>28,614</u>	<u>1,536</u>
Net cash used in investing activities	<u>(110,561)</u>	<u>(48,785)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(196,295)	(301,147)
Proceeds from long-term borrowings	62,196	169,851
Repayments of long-term borrowings	(76,304)	(42,714)
Decrease in guarantee deposits received	(145)	(1,382)
Repayment of the principal portion of lease liabilities	(7,215)	(3,276)
Exercise of employee share options	-	17,276
Proceeds from treasury shares transferred to employees	<u>-</u>	<u>14,627</u>
Net cash used in financing activities	<u>(217,763)</u>	<u>(146,765)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>43,755</u>	<u>3,911</u>
NET DECREASE IN CASH	(111,293)	(85,232)
CASH, BEGINNING OF THE PERIOD	<u>1,158,512</u>	<u>1,120,781</u>
CASH, END OF THE PERIOD	<u>\$ 1,047,219</u>	<u>\$ 1,035,549</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Dyaco International Inc. (the “Corporation”) was established in 1990. The Corporation and its subsidiaries are collectively referred to as the Group. The Group mainly manufactures, imports, exports and sells sports equipment and outdoor furniture. The Corporation’s shares have been listed on the Taiwan Stock Exchange since September 20, 2016.

The consolidated financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on May 13, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023

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New IFRSs	Effective Date Announced by IASB (Note 1)
IFRS 18 “Presentation and Disclosures in Financial Statements” Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2027 January 1, 2025 (Note 2) (Concluded)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as ‘other’ only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim financial statements is less than the disclosure information required in a complete set of annual financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e. its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income or loss of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 13, Tables 6 and 7 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Please see the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2023 except for the information below.

1) Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and

- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

2) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

3) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The accounting judgments and key sources of estimation uncertainty of these consolidated financial statements are the same as the consolidated financial statements for the year ended December 31, 2023.

6. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 14,594	\$ 15,240	\$ 10,887
Checking accounts and demand deposits	1,032,625	1,112,567	1,024,662
Time deposits	<u>-</u>	<u>30,705</u>	<u>-</u>
	<u>\$ 1,047,219</u>	<u>\$ 1,158,512</u>	<u>\$ 1,035,549</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets - current</u>			
Financial liabilities held for trading			
Limited Partnership			
Changneng Capital Limited Partnership	\$ 40,472	\$ 16,555	\$ 17,949
<u>Financial assets - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Hybrid financial assets			
Convertible promissory notes (Note 1)	\$ 123,106	\$ 118,124	\$ 152,250
<u>Financial liabilities - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities			
Foreign exchange forward contracts (Note 2)	\$ 2,665	\$ -	\$ -
Convertible bonds options (Note 21)	-	-	22,005
	<u>\$ 2,665</u>	<u>\$ -</u>	<u>\$ 22,005</u>

a. The Group acquired the three-year convertible promissory notes issued by Morsel Inc. in 2021 which acquired for US\$5,000 thousand (approximately NT\$138,750 thousand) at an annual interest rate of 1%, which was recognized as financial assets at fair value through profit or loss and gain on fair value changes to \$4,982 thousand and \$5,179 thousand, respectively.

b. At the end of the reporting period, foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>March 31, 2024</u>			
Foreign exchange forward contracts	NTD/USD	2024.04.02-2024.05.28	NT140,716/USD4,500

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Non-current</u>			
Domestic investments			
Listed shares	\$ 10,701	\$ 8,966	\$ -
Listed private placement shares	-	-	11,759
Unlisted ordinary shares	6,865	6,865	9,915
Foreign investments			
Unlisted ordinary shares	<u>35,204</u>	<u>35,139</u>	<u>44,044</u>
	<u>\$ 52,770</u>	<u>\$ 50,970</u>	<u>\$ 65,718</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Restricted deposits (a)	\$ 40,408	\$ 23,390	\$ 194,013
Bank debenture (b)	8,000	30,705	22,837
Redeemable GICs (c)	<u>29,525</u>	<u>29,000</u>	<u>-</u>
	<u>\$ 77,933</u>	<u>\$ 83,095</u>	<u>\$ 216,850</u>
<u>Non-current</u>			
Bank debenture (b)	<u>\$ 30,400</u>	<u>\$ 6,141</u>	<u>\$ 13,703</u>

a. The market interest rates of cash in bank at the end of the reporting period were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Restricted deposits	3.45%-5.15%	3.50%-5.00%	0.60%-4.00%

- b. In June 2022, the Group purchased 1.5-year financial debentures of Mega International Commercial Bank at a face value of \$21,784 thousand (US\$750 thousand), with a maturity date of January 5, 2024. The coupon rate is 2.5%. In September 2022, the Group purchased 2-year financial debentures of Mega International Commercial Bank at a face value of \$7,609 thousand (US\$250 thousand), with a maturity date of September 15, 2024. The coupon rate and effective interest rate are both 3.05%. In March 2023, the Group purchased 2.5-year financial debentures of Mega International Commercial Bank at a face value of \$6,096 thousand (US\$200 thousand), with a maturity date of October 3, 2025. The coupon rate and effective interest rate are both 4.3%. In January 2024, the Group purchased 8-year financial debentures of Mega International Commercial Bank at a face value of \$10,747 thousand (US\$350 thousand), with a maturity date of January 19, 2032. The coupon rate and effective interest rate are both 6.90%. In January 2024, the Group purchased 12-year financial debentures of Mega International Commercial Bank at a face value of \$12,747 thousand (US\$400 thousand), with a maturity date of January 19, 2036. The coupon rate and effective interest rate are both 5.50%.
- c. In May 2023, the Group purchased redeemable GICs issued by Bank of Montreal of \$29,350 thousand (CAD1,250 thousand). The period is from May 17, 2023 to May 15, 2024 at an interest rate of 4.25%.
- d. The Group invests only in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Group's exposure and external credit ratings are continuously monitored. The Group reviews changes in bond yields and other publicly available information and makes an assessment of whether there has been a significant increase in credit risk since the last period to the reporting date.

In determining the expected credit losses for debt instrument investments, the Group considers the current financial condition of debtors and the future prospects of the industries.

The Group's current credit risk grading mechanism is as follows:

<u>Category</u>	<u>Description</u>	<u>Basis for Recognizing Expected Credit Losses (ECLs)</u>
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs
Doubtful	There has been a significant increase in credit risk since the initial recognition	Lifetime ECLs - not credit impaired
In default	There is evidence indicating the asset is credit impaired	Lifetime ECLs - credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The Group assesses the counterparty has a low risk of default and a strong capacity to meet contractual cash flows. As of March 31, 2024, December 31, 2023 and March 31, 2023, there was no expected credit loss for an investment in debt instruments.

e. The financial assets at amortized cost pledged as collateral are set out in Note 36.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Notes receivable (a)</u>			
At amortized cost			
Gross carrying amount	\$ 2,775	\$ 984	\$ 1,867
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,775</u>	<u>\$ 984</u>	<u>\$ 1,867</u>
<u>Accounts receivable (b)</u>			
At amortized cost			
Gross carrying amount	\$ 1,059,665	\$ 1,201,732	\$ 1,340,826
Less: Allowance for impairment loss	<u>143,589</u>	<u>130,688</u>	<u>96,434</u>
	<u>\$ 916,076</u>	<u>\$ 1,071,044</u>	<u>\$ 1,244,392</u>
<u>Other receivables (c)</u>			
Tax refund receivables	\$ 6,588	\$ 10,037	\$ 32,091
Others	<u>6,685</u>	<u>5,062</u>	<u>3,550</u>
	<u>\$ 13,273</u>	<u>\$ 15,099</u>	<u>\$ 35,641</u>

a. Notes receivable

The average credit period of sales of goods was 30 to 120 days. In the determination of credit risk, the Group takes into consideration any change in credit quality from the invoice date to the reporting date. The Group recognizes 100% allowance for impairment loss if notes receivable become overdue.

At the end of the reporting period, there were no overdue notes receivable for which the Group recognized allowance for impairment loss.

b. Accounts receivable

The average credit period of sales of goods was 30 to 120 days. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of concluded transactions is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee periodically.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As there are different loss patterns for various customer segments, the Group uses different provision matrixes based on operating area of subsidiaries, and determines the provision for loss allowance is based on past due status.

The Group writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

March 31, 2024

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days and Individually Recognized	Total
Expected credit loss rate	0%-5.72%	0%-41.45%	0%-64.64%	0%-73.45%	0%-100%	100%	
Gross carrying amount	\$ 640,140	\$ 280,398	\$ 16,285	\$ 31,121	\$ 8,458	\$ 83,263	\$ 1,059,665
Loss allowance (Lifetime ECLs)	(2,991)	(25,962)	(3,567)	(20,660)	(7,146)	(83,263)	(143,589)
Amortized cost	<u>\$ 637,149</u>	<u>\$ 254,436</u>	<u>\$ 12,718</u>	<u>\$ 10,461</u>	<u>\$ 1,312</u>	<u>\$ -</u>	<u>\$ 916,076</u>

December 31, 2023

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days and Individually Recognized	Total
Expected credit loss rate	0%-5.72%	0%-60.57%	0%-83.82%	0%-91.89%	0%-100%	100%	
Gross carrying amount	\$ 936,370	\$ 136,424	\$ 15,441	\$ 26,155	\$ 13,516	\$ 73,826	\$ 1,201,732
Loss allowance (Lifetime ECLs)	(6,107)	(8,211)	(9,070)	(21,068)	(12,406)	(73,826)	(130,688)
Amortized cost	<u>\$ 930,263</u>	<u>\$ 128,213</u>	<u>\$ 6,371</u>	<u>\$ 5,087</u>	<u>\$ 1,110</u>	<u>\$ -</u>	<u>\$ 1,071,044</u>

March 31, 2023

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days and Individually Recognized	Total
Expected credit loss rate	0%-5.65%	0%-27.21%	0%-37.75%	13.59%-51.13%	5%-100%	100%	
Gross carrying amount	\$ 1,111,334	\$ 105,568	\$ 27,280	\$ 13,743	\$ 33,349	\$ 49,552	\$ 1,340,826
Loss allowance (Lifetime ECLs)	<u>(3,278)</u>	<u>(8,238)</u>	<u>(7,942)</u>	<u>(6,594)</u>	<u>(20,830)</u>	<u>(49,552)</u>	<u>(96,434)</u>
Amortized cost	<u>\$ 1,108,056</u>	<u>\$ 97,330</u>	<u>\$ 19,338</u>	<u>\$ 7,149</u>	<u>\$ 12,519</u>	<u>\$ -</u>	<u>\$ 1,244,392</u>

The movements of the loss allowance of accounts receivable were as follows:

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ 130,688	\$ 238,231
Add: Net remeasurement (reversal) of loss allowance	9,388	(41,767)
Less: Amounts written off	(104)	(99,831)
Foreign exchange gains and losses	<u>3,617</u>	<u>(199)</u>
Ending balance	<u>\$ 143,589</u>	<u>\$ 96,434</u>

c. Other receivables

Other receivables consist of tax refund receivables and others.

11. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Finished goods	\$ 1,885,127	\$ 1,896,332	\$ 1,973,429
Merchandise	232,976	275,514	318,990
Raw materials	137,159	126,720	160,245
Work in progress	<u>99,430</u>	<u>175,929</u>	<u>164,161</u>
	<u>\$ 2,354,692</u>	<u>\$ 2,474,495</u>	<u>\$ 2,616,825</u>

The nature of the cost of goods sold is as follows:

	For the Three Months Ended March 31	
	2024	2023
Cost of inventories sold	\$ 1,145,482	\$ 1,479,177
Inventory write-downs	19,743	20,656
Warranties	<u>13,920</u>	<u>21,014</u>
	<u>\$ 1,179,145</u>	<u>\$ 1,520,847</u>

12. PREPAYMENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Prepayments for goods	\$ 100,113	\$ 98,877	\$ 100,378
Prepaid expenses	67,125	64,528	70,240
Tax overpayment retained for offsetting future tax payable	36,889	20,512	26,537
Others	<u>14,617</u>	<u>3,817</u>	<u>7,287</u>
	<u>\$ 218,744</u>	<u>\$ 187,734</u>	<u>\$ 204,442</u>

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
Dyaco International Inc.	Dyaco International Holding Limited	Investment	100	100	100	-
	Dyaco Europe GmbH	Import, export and selling	100	100	100	Note 1
	Daan Health Management Consulting Co., Ltd.	Rental of medical equipment	100	100	100	-
	Dyaco Japan Co., Ltd.	Import, export and selling	100	100	100	-
	Wing Long Co., Ltd.	Import, export and selling	100	100	100	-
	Dyaco UK Ltd.	Import, export and selling	99	97	100	Note 3
	SOLE INC.	Investment	100	100	100	-
	President Plastic Products MFG Co., Ltd.	Manufacturing and selling	100	100	100	-
	Cikayda Inc.	Manufacturing and selling	100	100	100	-
	CITY SPORTS (THAILAND) CO., LTD	Fitness equipment selling	44	44	44	Note 6
	Neutron Ventures Ltd	Sporting goods online selling	-	-	95	Note 2
	Spirit Manufacturing Inc.	Import, export and selling	100	100	100	-
	Dyaco Canada Inc.	Import, export and selling	100	100	100	-
	Iuvo Industry Co., Ltd	Electric-assisted bicycle manufacturer	92	92	90	Note 5
	SOLE INC.	Fitness Equipment Services LLC.	100	100	100	-
Dyaco Europe GmbH	CARDIO fitness GmbH & Co. KG	Import, export and selling	100	100	100	-
	CARDIO fitness Verwaltungs GmbH	Investment	100	100	100	-
	Fuel-Spirit International Inc.	Import, export and selling	100	100	100	-
Dyaco International Holding Limited	Dyaco (Shanghai) Trading Co., Ltd.	Import, export and selling	100	100	100	-
	Shelton Corporation (Jiaxing), Ltd.	Manufacturing and selling	60	60	60	-
	Dyaco Health Technology (Beijing) Co., Ltd.	Healthcare management consulting	-	-	100	Note 4
Dyaco (Shanghai) Trading Co., Ltd.	Spirit Direct, LLC.	Import, export and selling	100	100	100	-
Spirit Manufacturing Inc.						
Dyaco UK Ltd.	Neutron Ventures Ltd	Sporting goods online selling	100	100	-	-
Neutron Ventures Ltd	Interactive Online Commerce Ltd	Investment	100	100	100	-
	Neutron Ventures Poland S.p z.o.o	Service industry	100	100	100	-
	Sweatband.com Ltd	Sporting goods selling	100	100	100	-
Interactive Online Commerce Ltd						

Remarks:

- 1) In March 2023, the Group acquired interest of subsidiary, Dyaco Europe GmbH for \$61,332 thousand.
- 2) In March 2023, the Group acquired interest for \$69,673 thousand, the Group did not subscribe according to its shareholding ratio. Thus, the shareholding ratio increased from 80% to 95%, and adjusted unappropriated earnings for \$4,320 thousand. After the Corporation went through a share exchange reorganization on July 1, 2023, Neutron Ventures Ltd. are directly 100% held by Dyaco UK Ltd.

- 3) Dyaco UK Ltd. issued additional new shares for \$121,145 in July 2023, with parent company and Neutron Ventures Ltd.'s non-controlling interests exchange for 100% equity of Neutron Ventures Ltd. Parent company did not subscribe according to its shareholding ratio. Thus, and adjusted capital surplus for \$510 thousand. After the Corporation went through reorganization, the Group held the Dyaco UK Ltd. shareholding ratio decreased from 100% to 97%, and adjusted capital surplus for \$702 thousand. In February 2024, the Group acquired the equity of Dyaco UK Ltd. from non-controlling equity interest. Thus, the shareholding ratio increased from 97% to 99%, and adjusted capital surplus for \$114 thousand.
- 4) Dyaco Health Technology (Beijing) Co., Ltd. as been completed the liquidation and was eliminated in July 2023.
- 5) In August 2023, the Group acquired interest for \$30,000 thousand, the Group did not subscribe according to its shareholding ratio. Thus, the shareholding ratio increased from 90% to 92%, and adjusted capital surplus for \$1,509 thousand.
- 6) As the Group obtained two out of three seats in the board of the company, the Group has control over the decision making of the relevant activities of the company; therefore, it is listed as a subsidiary.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		March 31, 2024	December 31, 2023	March 31, 2023
Shelton Corporation (Jiaxing), Ltd.	China	40%	40%	40%

Refer to Table 7 for the information on the places of incorporation and principal places of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests		
	For the Three Months Ended March 31		March 31,	December 31,	March 31,
	2024	2023	2024	2023	2023
Shelton Corporation (Jiaxing), Ltd.	\$ (130)	\$ 37,057	\$ 395,110	\$ 389,311	\$ 409,006

The summarized financial information below represents amounts before intragroup eliminations and after consideration of acquisition premium amortization.

	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 1,061,326	\$ 1,106,893	\$ 1,286,313
Non-current assets	797,920	796,964	860,622
Current liabilities	(583,791)	(650,392)	(839,715)
Non-current liabilities	(127,006)	(125,799)	(132,283)
Equity	\$ 1,148,449	\$ 1,127,666	\$ 1,174,937

(Continued)

	March 31, 2024	December 31, 2023	March 31, 2023
Equity attributable to:			
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ 753,339	\$ 738,355	\$ 765,931
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>395,110</u>	<u>389,311</u>	<u>409,006</u>
	<u>\$ 1,148,449</u>	<u>\$ 1,127,666</u>	<u>\$ 1,174,937</u> (Concluded)
		For the Three Months Ended March 31	
		2024	2023
Revenue		<u>\$ 415,977</u>	<u>\$ 753,473</u>
Net profit from continuing operations (Note)		\$ (325)	\$ 92,643
Other comprehensive income for the period		<u>14,820</u>	<u>7,730</u>
Total comprehensive income for the period		<u>\$ 14,495</u>	<u>\$ 100,373</u>
Profit attributable to:			
Owners of Shelton Corporation (Jiaxing), Ltd.		\$ (195)	\$ 55,586
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.		<u>(130)</u>	<u>37,057</u>
		<u>\$ (325)</u>	<u>\$ 92,643</u>
Total comprehensive income attributable to:			
Owners of Shelton Corporation (Jiaxing), Ltd.		\$ 8,697	\$ 60,224
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.		<u>5,798</u>	<u>40,149</u>
		<u>\$ 14,495</u>	<u>\$ 100,373</u>
Net cash inflow (outflow) from:			
Operating activities		\$ (27,468)	\$ (7,396)
Investing activities		(904)	(2,568)
Financing activities		<u>(21,830)</u>	<u>(32,521)</u>
Net cash outflow		<u>\$ (50,202)</u>	<u>\$ (42,485)</u>

Note: Net profit was \$3,086 thousand less amortization of \$3,411 thousand for the three months ended March 31, 2024. Net profit was \$96,112 thousand less amortization of \$3,469 thousand for the three months ended March 31, 2023.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2024	December 31, 2023	March 31, 2023
Investments in associates	<u>\$ 6,334</u>	<u>\$ 6,368</u>	<u>\$ 6,673</u>
Associates that are not individually material			
Hongdaxin Projection Co., Ltd.	\$ 3,673	\$ 3,714	\$ 3,835
Kerr (Shanghai) Rehabilitation Technology Development Co., Ltd.	<u>2,661</u>	<u>2,654</u>	2,838
	<u>\$ 6,334</u>	<u>\$ 6,368</u>	<u>\$ 6,673</u>

Refer to Tables 6 and 7 for the principal places of business and countries of incorporation.

Aggregate information of associates that are not individually material

	For the Three Month Ended March 31	
	2024	2023
The Group's share of:		
Loss from continuing operations	\$ (83)	\$ (94)
Other comprehensive income (loss)	<u>-</u>	<u>-</u>
	<u>\$ (83)</u>	<u>\$ (94)</u>

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Property under Construction	Total
Cost								
Balance at January 1, 2024	\$ 1,659,248	\$ 2,214,682	\$ 694,190	\$ 46,412	\$ 83,762	\$ 26,487	\$ 462,342	\$ 5,187,123
Additions	-	390	754	1,567	1,072	-	161,143	164,926
Disposals	-	-	(215)	(1,148)	(152)	-	-	(1,515)
Effects of foreign currency exchange differences	<u>916</u>	<u>39,948</u>	<u>7,579</u>	<u>427</u>	<u>1,216</u>	<u>291</u>	<u>-</u>	<u>50,377</u>
Balance at March 31, 2024	<u>1,660,164</u>	<u>2,255,020</u>	<u>702,308</u>	<u>47,258</u>	<u>85,898</u>	<u>26,778</u>	<u>623,485</u>	<u>5,400,911</u>
Accumulated depreciation								
Balance at January 1, 2024	-	810,570	499,568	33,750	69,873	17,503	-	1,431,264
Depreciation expenses	-	18,732	13,505	1,080	1,581	716	-	35,614
Disposals	-	-	(209)	(536)	(136)	-	-	(881)
Effects of foreign currency exchange differences	<u>-</u>	<u>12,417</u>	<u>5,748</u>	<u>302</u>	<u>929</u>	<u>213</u>	<u>-</u>	<u>19,609</u>
Balance at March 31, 2024	<u>-</u>	<u>841,719</u>	<u>518,612</u>	<u>34,596</u>	<u>72,247</u>	<u>18,432</u>	<u>-</u>	<u>1,485,606</u>
Carrying amounts at March 31, 2024	<u>\$ 1,660,164</u>	<u>\$ 1,413,301</u>	<u>\$ 183,696</u>	<u>\$ 12,662</u>	<u>\$ 13,651</u>	<u>\$ 8,346</u>	<u>\$ 623,485</u>	<u>\$ 3,915,305</u>
Carrying amounts at December 31, 2023 and January 1, 2024	<u>\$ 1,659,248</u>	<u>\$ 1,404,112</u>	<u>\$ 194,622</u>	<u>\$ 12,662</u>	<u>\$ 13,889</u>	<u>\$ 8,984</u>	<u>\$ 462,342</u>	<u>\$ 3,755,859</u>
Cost								
Balance at January 1, 2023	\$ 1,659,253	\$ 2,230,479	\$ 687,066	\$ 51,805	\$ 83,920	\$ 25,409	\$ 317,724	\$ 5,055,656
Additions	-	-	19,960	-	1,088	143	63,753	84,944
Disposals	-	(1,964)	(53,019)	(5,557)	(3,049)	-	-	(63,589)
Reclassification	-	6,697	-	-	-	-	-	6,697
Effects of foreign currency exchange differences	<u>(184)</u>	<u>(895)</u>	<u>525</u>	<u>116</u>	<u>123</u>	<u>193</u>	<u>-</u>	<u>(122)</u>
Balance at March 31, 2023	<u>1,659,069</u>	<u>2,234,317</u>	<u>654,532</u>	<u>46,364</u>	<u>82,082</u>	<u>25,745</u>	<u>381,477</u>	<u>5,083,586</u>

(Continued)

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Property under Construction	Total
<u>Accumulated depreciation</u>								
Balance at January 1, 2023	-	748,313	497,003	35,340	68,853	14,318	-	1,363,827
Depreciation expenses	-	18,755	15,479	1,275	1,646	716	-	37,871
Disposals	-	(1,963)	(53,019)	(5,557)	(3,044)	-	-	(63,583)
Reclassification	-	4,757	-	-	-	-	-	4,757
Effects of foreign currency exchange differences	-	1,523	279	88	141	119	-	2,150
Balance at March 31, 2023	-	<u>771,385</u>	<u>459,742</u>	<u>31,146</u>	<u>67,596</u>	<u>15,153</u>	-	<u>1,345,022</u>
Carrying amounts at March 31, 2023	<u>\$ 1,659,069</u>	<u>\$ 1,462,932</u>	<u>\$ 194,790</u>	<u>\$ 15,218</u>	<u>\$ 14,486</u>	<u>\$ 10,592</u>	<u>\$ 381,477</u>	<u>\$ 3,738,564</u>

(Concluded)

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	15-50 years
Decoration	2-49 years
Machinery equipment	1-11 years
Transportation equipment	2-11 years
Office equipment	1-15 years
Leasehold improvements	1-10 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 36.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amounts</u>			
Land	\$ 266,091	\$ 263,819	\$ 272,345
Buildings	26,644	20,566	29,131
Transportation equipment	<u>1,002</u>	<u>1,921</u>	<u>5,244</u>
	<u>\$ 293,737</u>	<u>\$ 286,306</u>	<u>\$ 306,720</u>
		For the Three Months Ended	
		March 31	
		2024	2023
Additions for right-of-use assets		<u>\$ 10,559</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets			
Land		\$ 2,495	\$ 2,643
Buildings		3,375	3,204
Transportation equipment		<u>927</u>	<u>1,140</u>
		<u>\$ 6,797</u>	<u>\$ 6,987</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets for the three months ended March 31, 2024 and 2023. In addition, the Group early terminated part of the lease contract during the three months ended March 31, 2024, which resulted in a decrease of \$1,282 thousand in right-of-use assets and recognition of a lease modification benefit of \$103 thousand.

b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amounts</u>			
Current	<u>\$ 12,837</u>	<u>\$ 11,613</u>	<u>\$ 15,977</u>
Non-current	<u>\$ 17,560</u>	<u>\$ 13,926</u>	<u>\$ 20,477</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Land	5.84%	5.84%	5.84%
Buildings	1.36%-4.90%	1.36%-4.90%	1.36%-4.90%
Transportation equipment	1.65%-3.99%	1.65%-3.99%	1.65%-2.50%

c. Material lease-in activities and terms

The Group leases certain buildings and office equipment for the use of plants, offices and retail stores with lease terms of 2 to 13 years. The Group does not have bargain purchase options to acquire the buildings at the end of the lease terms.

The Group leases transportation equipment for the use of business with lease terms of 3 to 4 years.

The land use rights of the Group are amortized over 50 years.

Right-of-use assets used by the Group and pledged as collateral for bank borrowings are set out in Note 36.

d. Other lease information

	For the Three Months Ended March 31	
	2024	2023
Expenses relating to short-term leases	<u>\$ 8,294</u>	<u>\$ 8,627</u>
Expenses relating to low-value asset leases	<u>\$ 143</u>	<u>\$ 107</u>
Total cash outflow for leases	<u>\$ 15,888</u>	<u>\$ 12,282</u>

The Group leases certain buildings and transportation equipment which qualify as short-term leases and certain office equipment which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

17. INVESTMENT PROPERTIES

	Completed Investment Properties
<u>Cost</u>	
Balance at January 1, 2024	\$ 52,472
Effects of foreign currency exchange differences	<u>516</u>
Balance at March 31, 2024	<u>52,988</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2024	27,214
Depreciation expenses	512
Effects of foreign currency exchange differences	<u>396</u>
Balance at March 31, 2024	<u>28,122</u>
Carrying amount at March 31, 2024	<u>\$ 24,866</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 25,258</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 54,456
Reclassification	(6,697)
Effects of foreign currency exchange differences	<u>169</u>
Balance at March 31, 2023	<u>47,928</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2023	25,909
Depreciation expenses	516
Reclassification	(4,757)
Effects of foreign currency exchange differences	<u>117</u>
Balance at March 31, 2023	<u>21,785</u>
Carrying amount at March 31, 2023	<u>\$ 26,143</u>

The investment properties were leased out for 1 to 7 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Year 1	\$ 4,036	\$ 3,290	\$ 5,692
Year 2	666	671	678
Year 3	111	671	678
Year 4	-	280	678
Year 5	<u>-</u>	<u>-</u>	<u>169</u>
	<u>\$ 4,813</u>	<u>\$ 4,912</u>	<u>\$ 7,895</u>

The investment properties used by the Group are depreciated on a straight-line basis over 20 to 33 years.

As of March 31, 2024, December 31, 2023 and March 31, 2023, the fair value of investment property located in Zhongshan District, Taipei City was \$24,133 thousand, \$24,979 thousand and \$23,925 thousand, respectively. The determination of fair value was not performed by independent qualified professional valuers. The management used the market-based evidence of transaction price of property, plant and equipment in determining the fair value. Management was unable to reliably measure the fair value of the investment property located in Jiaxing City, Zhejiang Province, China, because the market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair value of the investment property is not reliably measurable.

The investment properties used by the Group and pledged as collateral for bank borrowings are set out in Note 36.

18. GOODWILL

	For the Three Months Ended March 31	
	2024	2023
<u>Cost</u>		
Balance at January 1	\$ 569,481	\$ 566,722
Effect of foreign currency exchange differences	18,684	(2,590)
Balance at March 31	<u>588,165</u>	<u>564,132</u>
<u>Accumulated impairment losses</u>		
Balance at January 1	8,666	8,345
Effect of foreign currency exchange differences	123	109
Balance at March 31	<u>8,789</u>	<u>8,454</u>
Carrying amounts at March 31	<u>\$ 579,376</u>	<u>\$ 555,678</u>

19. OTHER INTANGIBLE ASSETS

	Computer Software	Patents	Customer Relationship	Existing Technologies	Royalty	Brand Value	Website	Copyright	Total
<u>Cost</u>									
Balance at January 1, 2024	\$ 118,108	\$ 84,732	\$ 108,727	\$ -	\$ 293,399	\$ 755,721	\$ 1,106	\$ 17,026	\$ 1,378,819
Additions	3,030	-	-	-	-	-	-	-	3,030
Effects of foreign currency exchange differences	754	1,669	2,514	-	2,243	31,229	47	-	38,456
Balance at March 31, 2024	<u>121,892</u>	<u>86,401</u>	<u>111,241</u>	<u>-</u>	<u>295,642</u>	<u>786,950</u>	<u>1,153</u>	<u>17,026</u>	<u>1,420,305</u>
<u>Accumulated amortization</u>									
Balance at January 1, 2024	90,619	81,179	82,957	-	227,464	138,314	1,102	2,838	624,473
Amortization expenses	3,545	223	738	-	5,495	8,947	23	1,419	20,390
Effects of foreign currency exchange differences	375	1,523	1,647	-	2,242	5,854	28	-	11,669
Balance at March 31, 2024	<u>94,539</u>	<u>82,925</u>	<u>85,342</u>	<u>-</u>	<u>235,201</u>	<u>153,115</u>	<u>1,153</u>	<u>4,257</u>	<u>656,532</u>
Carrying amounts at March 31, 2024	<u>\$ 27,353</u>	<u>\$ 3,476</u>	<u>\$ 25,899</u>	<u>\$ -</u>	<u>\$ 60,441</u>	<u>\$ 633,835</u>	<u>\$ -</u>	<u>\$ 12,769</u>	<u>\$ 763,773</u>
Carrying amounts at December 31, 2023 and January 1, 2024	<u>\$ 27,489</u>	<u>\$ 3,553</u>	<u>\$ 25,770</u>	<u>\$ -</u>	<u>\$ 65,935</u>	<u>\$ 617,407</u>	<u>\$ 4</u>	<u>\$ 14,188</u>	<u>\$ 754,346</u>
<u>Cost</u>									
Balance at January 1, 2023	\$ 101,405	\$ 82,454	\$ 107,029	\$ 7,685	\$ 293,407	\$ 749,481	\$ 1,106	\$ -	\$ 1,342,567
Additions	2,517	-	-	-	-	-	-	-	2,517
Disposals	-	-	-	(7,685)	-	-	-	-	(7,685)
Effects of foreign currency exchange differences	189	231	(1,190)	-	(450)	(5,158)	(10)	-	(6,388)
Balance at March 31, 2023	<u>104,111</u>	<u>82,685</u>	<u>105,839</u>	<u>-</u>	<u>292,957</u>	<u>744,323</u>	<u>1,096</u>	<u>-</u>	<u>1,331,011</u>

(Continued)

	Computer Software	Patents	Customer Relationship	Existing Technologies	Royalty	Brand Value	Website	Copyright	Total
<u>Accumulated amortization</u>									
Balance at January 1, 2023	\$ 78,572	\$ 74,691	\$ 78,330	\$ 7,685	\$ 202,478	\$ 103,109	\$ 835	\$ -	\$ 545,700
Amortization expenses	2,743	1,880	425	-	6,241	8,698	68	-	20,055
Disposals	-	-	-	(7,685)	-	-	-	-	(7,685)
Effects of foreign currency exchange differences	73	252	(687)	-	(424)	(705)	(7)	-	(1,498)
Balance at March 31, 2023	<u>81,388</u>	<u>76,823</u>	<u>78,068</u>	<u>-</u>	<u>208,295</u>	<u>111,102</u>	<u>896</u>	<u>-</u>	<u>556,572</u>
Carrying amounts at March 31, 2023	<u>\$ 22,723</u>	<u>\$ 5,862</u>	<u>\$ 27,771</u>	<u>\$ -</u>	<u>\$ 84,662</u>	<u>\$ 633,221</u>	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 774,439</u>

(Concluded)

- a. The Group signed royalty agreements of authorization with several foreign well-known sports brands to manufacture and sell products. The discounted cost was recognized as a royalty and included in intangible assets at the beginning of the authorization period, and the related liability was recognized as current and non-current payables for royalties. The interest expenses were calculated by the effective interest method.
- b. Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1-13 years
Patents	5-15 years
Customer relationship	7-16 years
Royalty	5 years
Brand value	10-23 years
Website	4 years
Copyright	3 years

20. BORROWINGS

- a. Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured borrowings	\$ 427,000	\$ 622,485	\$ 982,508
Secured borrowings	<u>1,496,120</u>	<u>1,495,530</u>	<u>1,108,365</u>
	<u>\$ 1,923,120</u>	<u>\$ 2,118,015</u>	<u>\$ 2,090,873</u>
Range of interest rates			
Unsecured borrowings	1.81%-2.75%	1.81%-2.59%	1.68%-4.5%
Secured borrowings	1.85%-3.20%	1.85%-7.59%	1.73%-3.85%

- b. Long-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Secured borrowings</u>			
Mega Bank	\$ 851,100	\$ 888,900	\$ 657,300
Taiwan Cooperative Bank	509,698	478,390	486,217
Bank SinoPac	275,734	300,333	85,280
Taiwan Business Bank	237,560	216,139	187,644
First Horizon Bank	155,064	149,767	151,314

(Continued)

	March 31, 2024	December 31, 2023	March 31, 2023
Taishin Bank	\$ 138,750	\$ 142,500	\$ 153,750
Cathay United Bank	39,300	39,300	30,000
CTBC Bank	-	-	39,300
Bank of Montreal	-	-	35,558
Chang Hua Bank	-	-	1,901
	<u>2,207,206</u>	<u>2,215,329</u>	<u>1,828,264</u>
Less: Current portion	<u>284,528</u>	<u>296,527</u>	<u>232,009</u>
Long-term borrowings	<u>\$ 1,922,678</u>	<u>\$ 1,918,802</u>	<u>\$ 1,596,255</u>

(Concluded)

1) Secured borrowings from Mega Bank: In September 2019, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to September 2024. As of March 31, 2024, December 31, 2023 and March 31, 2023, the borrowings were \$27,800 thousand, \$40,700 thousand and \$79,400 thousand, respectively, at the annual borrowing interest rate were 2.28%, 2.15% and 2.03%, respectively. In February 2020, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to February 2025. As of March 31, 2024, December 31, 2023 and March 31, 2023, the amount of borrowings were \$38,300 thousand, \$48,200 thousand and \$77,900 thousand, at the annual borrowing interest rate were 2.33%, 2.20% and 2.08%, respectively; In July 2022, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from July 2025 to July 2027 after three years of interest payments. As of March 31, 2024, December 31, 2023 and March 31, 2023, the amount of borrowings were \$300,000, respectively, at annual borrowing interest rates were 2.28%, 2.15% and 2.05%; In July 2022, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from January 2024 to July 2027 after 1.5 years of interest payments. As of March 31, 2024, December 31, 2023 and March 31, 2023, the amount of borrowings were \$97,000 thousand, \$100,000 thousand and \$100,000 thousand, respectively, at the annual borrowing interest rate were 2.43%, 2.30% and 2.05%; In March 2023, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from January 2024 to July 2027. As of March 31, 2024, December 31, 2023 and March 31, 2023, the amount of borrowings were \$97,000 thousand, \$100,000 thousand and \$100,000 thousand, respectively, at annual borrowing interest rates were 2.43%, 2.30% and 2.05%. In June 2023, the Corporation signed a contract for borrowings, which repayable monthly from January 2024 to July 2027. As of December 31, 2024 and December 31, 2023 the borrowings were \$97,000 thousand and \$100,000 thousand, at the annual borrowing interest rate of 2.43% and 2.30%. In July 2023, the parent company signed a contract for borrowings, which repayable monthly from January 2024 to July 2027. As of December 31, 2024 and December 31, 2023, the borrowings were \$194,000 thousand and \$200,000 thousand, at the annual borrowing interest rate of 2.43% and 2.30%.

2) Secured borrowings from Taiwan Cooperative Bank: In November 2018, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from December 2020 to November 2038 after two years of interest payments. As of March 31, 2024, December 31, 2023 and March 31, 2023, the borrowings were \$150,731 thousand, \$152,918 thousand and \$159,416 thousand, respectively, at the annual borrowing interest rate of 2.10%, 2.10% and 1.60%, respectively. In 2021, Iuvo Industry Co., Ltd. signed a contract for borrowings under which the interest is repayable monthly. As of March 31, 2024, December 31, 2023 and March 31, 2023, the borrowings were both \$266,400 thousand, at annual borrowing interest rate of 2.21%, 2.208% and 2.081%, respectively. In 2022, Iuvo Industry Co., Ltd. signed a contract for borrowings under which the interest is repayable monthly. As of March 31, 2024, December 31, 2023 and March 31, 2023, the borrowings were \$47,566 thousand, at annual borrowing interest rate of 2.21%, 2.208% and 2.081%, respectively. In 2024, Iuvo Industry Co., Ltd. signed a contract for

borrowings, under which the interest are repayable monthly. As of March 31, 2024, the borrowings were \$34,000 thousand at the annual borrowing interest rate of 2.21%. The total amount of the three loans mentioned above is \$347,966 thousand, with both due on December 31, 2024. However, in the third quarter of 2024, the Cooperative Bank will review whether it meets the conditions for extending the maturity date. If the conditions are met, the maturity date will be extended to September 30, 2041. Interest is paid monthly in the first year, and principal and interest are amortized monthly from the second year onwards. In 2022, Iuvo Industry Co., Ltd. signed a contract for borrowings under which the principal and interest are repayable monthly to March 2029. As of March 31, 2024, December 31, 2023 and March 31, 2023, the borrowings were \$11,001 thousand, \$11,506 thousand and \$12,835 thousand, respectively, at annual borrowing interest rate of 2.598%, 2.598% and 2.471%, respectively.

- 3) Secured borrowings from Bank SinoPac: In 2009, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from September 2009 to September 2024. As of March 31, 2024, December 31, 2023 and March 31, 2023, the borrowings were \$4,616 thousand, \$6,923 thousand and \$13,077 thousand, respectively, at annual borrowing interest rate were 2.24%, 2.24% and 2.10%, respectively. In 2015, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from December 2017 to November 2030. As of March 31, 2024, December 31, 2023 and March 31, 2023, the borrowings were \$61,118 thousand, \$63,410 thousand and \$70,286 thousand, respectively, at annual borrowing interest rate were 2.14%, 2.01% and 1.89%, respectively. In 2016, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from October 2016 to October 2023. As of March 31, 2023, the borrowings were \$1,917 thousand, respectively, at annual borrowing interest rate were 1.99%. In 2023, the parent company signed a contract for borrowings, under which the principal and interest are repayable quarterly and monthly, respectively, from September 2023 to December 2026. As of March 31, 2024 and December 31, 2023, the borrowings were \$210,000 thousand and \$230,000 thousand, at annual interest rate of 2.73% and 2.60%.
- 4) Secured borrowings from Taiwan Business Bank: In December 2022, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly until December 2032. As of March 31, 2024 and December 31, 2023 and March 31, 2023, the borrowings were \$106,155 thousand, \$109,188 thousand and \$118,287 thousand, respectively, at the annual borrowing interest rate of 1.68%, 1.55% and 1.43%. In February 2023, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to December 2032. As of March 31, 2024 and December 31, 2023 and March 31, 2023, the borrowings were \$51,812 thousand, \$53,293 thousand and \$57,734 thousand, at annual borrowing interest rates of 1.68%, 1.55% and 1.43%. In March 2023, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to March 2028. As of March 31, 2024 and December 31, 2023 and March 31, 2023, the borrowings were \$7,358 thousand, \$7,818 thousand and \$9,198 thousand, at annual borrowing interest rates of 1.68%, 1.55% and 1.43%. In March 2023, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to December 2032. As of March 31, 2024 and December 31, 2023 and March 31, 2023, the borrowings were \$2,176 thousand, \$2,239 thousand and \$2,425 thousand, at annual borrowing interest rates of 1.68%, 1.55% and 1.43%. In May 2023, the parent company signed a contract for borrowings, under which the principal and interest are repayable monthly to December 2032. As of March 31, 2024 and December 31, 2023, the borrowings were \$2,215 thousand and \$2,278 thousand, at annual interest rate of 1.68% and 1.55%. In July 2023, the parent company signed a contract for borrowings, under which the principal and interest are repayable monthly to December 2032. As of March 31, 2024 and December 31, 2023, the borrowings were \$40,176 thousand and \$41,324 thousand, at annual interest rate of 1.68% and 1.55%. In January 2024, the parent company signed a contract for borrowings, under which the principal and interest are repayable monthly to December 2032. As of March 31, the borrowings were \$27,668 thousand, at annual interest rate of 1.68%.

- 5) Secured borrowings from First Horizon Bank: In 2022, Spirit Manufacturing Inc. signed a contract for borrowings, under which the principal and interest are repayable monthly from December 2022 to December 2042, at the annual borrowing interest rate of 6.50%.
- 6) Secured borrowings from Taishin Bank: In June 2019, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to June 2034. As of March 31, 2024, December 31, 2023 and March 31, 2023, the borrowings were \$136,500 thousand, \$138,000 thousand and \$142,500 thousand, respectively, at annual borrowing interest rate were 2.20%, 2.20% and 1.96%, respectively. In June 2019, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to June 2024. As of March 31, 2024, December 31, 2023 and March 31, 2023, the borrowings were \$2,250 thousand, \$4,500 thousand and \$11,250 thousand, respectively, at annual borrowing interest rate were 2.20%, 2.20% and 1.96%.
- 7) Secured borrowings from Cathay United Bank: In 2022, Iuvo Industry Co., Ltd. signed a contract for borrowings under which the principal and interest are repayable monthly from May 2024 to April 2027. As of March 31, 2024, December 31, 2023 and March 31, 2023, the annual borrowing interest rates were 1.40%.
- 8) Secured borrowings from CTBC Bank: In 2021, Iuvo Industry Co., Ltd. signed a contract for borrowings under which the principal and interest are repayable monthly from May 2021 to December 2023. The Secured borrowings had been settled on September 2023.
- 9) Secured borrowings from Bank of Montreal: In 2016, Dyaco Canada Inc. signed a contract for borrowings under which the principal and interest are repayable monthly from May 2016 to April 2023. As of March 31, 2023, the annual borrowing interest rates was 4.07%.
- 10) Secured borrowings from Chang Hua Bank: In May 2008, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to May 2023. As of March 31, 2023, at the annual borrowing interest rate of 2.15%.

21. BONDS PAYABLE

	March 31, 2024	December 31, 2023	March 31, 2023
Secured domestic convertible bonds	\$ -	\$ -	\$ 422,569
Unsecured domestic convertible bonds	1,200	1,200	980,789
Less: Current portion	<u>(1,200)</u>	<u>(1,200)</u>	<u>(1,403,358)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- a. On August 24, 2020, the Corporation issued 0% three-year secured domestic convertible bonds at 100.5% of face value of \$600,000 thousand for the second time, with maturity date of August 24, 2023, totaling \$603,000 thousand. The convertible bonds are guaranteed by Bank SinoPac.

Each bond entitles the holder to convert it into ordinary shares of the Corporation at a conversion price of \$89.9. Conversion may occur at any time between November 25, 2020 and August 24, 2023.

According to restrictions for second-time issuance and conversion of secured convertible bond, the Corporation is entitled to redeem the bonds by cash at face value from November 25, 2020 to July 15, 2023, if the closing price of common shares is 30% higher than its conversion price within thirty business days in a row or the balance of outstanding bonds is 10% lower than the original face value.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 0.93% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$8,352 thousand)	\$ 594,648
Equity component (less transaction costs allocated to the equity component of \$178 thousand)	(12,666)
Financial assets at fair value through profit or loss - call options	<u>1,487</u>
Liability component at the date of issue	583,469
Interest charged at an effective interest rate of 0.93%	1,936
Convertible bonds converted into ordinary shares	<u>(123,033)</u>
Liability component at December 31, 2020	462,372
Interest charged at an effective interest rate of 0.93%	3,985
Convertible bonds converted into ordinary shares	<u>(48,701)</u>
Liability component at December 31, 2021	417,656
Interest charged at an effective interest rate of 0.93%	<u>3,924</u>
Liability component at December 31, 2022	421,580
Interest charged at an effective interest rate of 0.93%	2,520
Principle is repaid at maturity at August 24, 2023	<u>(424,100)</u>
Liability component at December 31, 2023	<u>\$ -</u>

Financial assets at fair value through profit or loss - call options are measured at FVTPL. Loss on changes in fair value of financial assets at fair value through profit or loss - options was \$0 thousand for the three months ended March 31, 2023, respectively.

- b. On June 28, 2021, the Corporation issued 0% three-year unsecured domestic convertible bonds at 100.0% of face value of \$1,000,000 thousand for the third time, with maturity date of June 28, 2024, totaling \$1,000,000 thousand, and the trustee is Bank SinoPac.

Each bond entitles the holder to convert it into ordinary shares of the Corporation at a conversion price of \$100.6. Conversion may occur at any time between September 29, 2021 and June 28, 2024.

According to restrictions for third-time issuance and conversion of secured convertible bond, the Corporation is entitled to redeem the bonds by cash at face value from September 29, 2021 to May 19 2024, if the closing price of common shares is 30% higher than its conversion price within thirty business days in a row or the balance of outstanding bonds is 10% lower than the original face value.

The record date that the holder is entitled to sell back the convertible bond in advance is June 28, 2024. The holder is required to inform the stock agency of the Corporation regarding the sale by giving 40-day prior written notice. The Corporation will redeem the convertible bonds based on the face value and accrued interests. The redemption amount of the bonds which have been held for full two years is 101.0% of face value.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 1.57% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,406 thousand)	\$ 994,594
Equity component (less transaction costs allocated to the equity component of \$212 thousand)	(38,988)
Financial liabilities held for trading - call and put options	<u>(1,492)</u>
Liability component at the date of issue	954,114
Interest charged at an effective interest rate of 1.57%	<u>7,666</u>
Liability component at December 31, 2021	961,780
Interest charged at an effective interest rate of 1.57%	<u>15,177</u>
Liability component at December 31, 2022	976,957
Interest charged at an effective interest rate of 1.57%	7,696
Redeem bonds payable	<u>(983,453)</u>
Liability component at December 31, 2023	<u>1,200</u>
Liability component at March 31, 2023	<u>\$ 1,200</u>

Financial assets at fair value through profit or loss - call and put options are measured at FVTPL. Loss on changes in fair value of financial assets at fair value through profit or loss - options were \$0 thousand and \$3,300 thousand, respectively, for the three months ended March 31, 2024 and March 31, 2023.

In June 2023, a bondholder exercised the right to sell back 9,988 units of convertible bonds with a sale price of \$998,800 thousand and interest compensation of \$9,988 thousand. The Corporation wrote off bonds payable and financial liabilities at FVTPL of \$983,453 thousand and \$25,605 thousand, respectively. The difference between the sale price and the carrying amount of \$270 thousand recognized as a gain on redemption on of convertible bonds (accounted for non-operating income and expenses - other income). The equity components were converted to capital surplus - convertible bonds - expired of \$38,942 thousand. As of March 31, 2024, there were \$1,200 thousand convertible bonds whose face value had not been exercised.

22. NOTES PAYABLE AND ACCOUNTS PAYABLE

a. Notes payable

The Group issues notes payable for payment and business expenditure.

b. Accounts payable

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

23. OTHER PAYABLES AND LONG-TERM PAYABLES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Payables for construction	\$ 76,405	\$ 41,500	\$ 41,500
Payables for freight	70,259	88,865	\$ 161,081
Payables for value added taxes	54,791	32,338	37,422
Payables for salaries and bonuses	49,088	65,500	51,736
Payables for employee benefits	44,878	44,054	45,112
Payables for advertisements	25,305	33,466	17,807
Payables for royalties (Note 19)	24,357	24,264	22,843
Payables for insurance	11,579	12,414	11,344
Payables for annual leave	9,121	12,792	4,249
Payables for purchases of equipment	8,293	3,385	4,523
Payables for commissions	6,034	4,758	6,915
Payables for labor costs	5,702	13,083	5,505
Payables for employees' compensation	463	-	-
Payables for dividends	-	-	62,813
Others	<u>70,939</u>	<u>81,271</u>	<u>13,414</u>
	<u>\$ 457,214</u>	<u>\$ 457,690</u>	<u>\$ 486,264</u>
<u>Non-current</u>			
Payables for royalties (Note 19)	<u>\$ 59,056</u>	<u>\$ 58,829</u>	<u>\$ 83,413</u>

24. PROVISIONS

	March 31, 2024	December 31, 2023	March 31, 2023
Warranties	<u>\$ 12,766</u>	<u>\$ 12,044</u>	<u>\$ 14,106</u>
			Warranties
Balance at January 1, 2024			\$ 12,044
Amount used			(13,526)
Additional provisions recognized			13,920
Effect of foreign currency exchange differences			<u>328</u>
Balance at March 31, 2024			<u>\$ 12,766</u>
Balance at January 1, 2023			\$ 13,927
Amount used			(20,749)
Additional provisions recognized			21,014
Effect of foreign currency exchange differences			<u>(86)</u>
Balance at March 31, 2023			<u>\$ 14,106</u>

25. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation, Daan Health Management Consulting Co., Ltd., Wing Long Co., Ltd., President Plastic Products MFG. Co., Ltd., Cikayda Inc. and Iuvo Industry Co., Ltd adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Corporation, Daan Health Management Consulting Co., Ltd., Wing Long Co., Ltd., President Plastic Products MFG. Co., Ltd., Cikayda Inc. and Iuvo Industry Co., Ltd. make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in the US, China, Germany, UK, Japan and Thailand are members of a state-managed retirement benefit plan operated by the government of the US, China, Germany, UK, Japan and Thailand, respectively. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

Dyaco International Holding Limited and Fuel-Spirit International Inc. do not have pension plan.

b. Defined benefit plans

The Group calculated the pension obligations of the defined benefit plans for the three months ended March 31, 2024 and 2023 by using the pension rate based on actuarial valuations as of December 31, 2023 and 2022, respectively. An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Three Months Ended March 31	
	2024	2023
Operating costs	\$ 26	\$ 26
Operating expenses	<u>66</u>	<u>66</u>
	<u>\$ 92</u>	<u>\$ 92</u>

26. EQUITY

a. Share capital

Ordinary shares

	March 31, 2024	December 31, 2023	March 31, 2023
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Share capital authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>159,610</u>	<u>159,610</u>	<u>134,115</u>
Ordinary shares issued	<u>\$ 1,596,097</u>	<u>\$ 1,596,097</u>	<u>\$ 1,341,147</u>

A holder of issued ordinary shares with par value of \$10 is entitled to vote and to receive dividends.

b. Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Issuance of ordinary shares	\$ 1,918,498	\$ 1,918,498	\$ 1,341,840
Conversion of bonds	613,057	613,057	613,057
Treasury share transaction	127,204	127,204	127,204
<u>May only be used to offset a deficit</u>			
Convertible bonds - expired	47,894	47,894	-
Changes in ownership interests in subsidiaries (2)	2,733	2,619	4,320
Conversion of employee share options	19,610	19,610	1,460
Gain on disgorgement	140	140	140
<u>May not be used for any purpose</u>			
Conversion of bonds	47	47	\$ 47,941
Employee share options	-	-	2,995
Employee share options in subsidiaries	<u>28,330</u>	<u>27,652</u>	<u>24,384</u>
	<u>\$ 2,757,513</u>	<u>\$ 2,756,721</u>	<u>\$ 2,163,341</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

The balance adjustment in capital surplus for the three months ended March 31 in 2024 and 2023 was as follows:

	Issuance of Ordinary Shares	Convertible Bond Premium	Treasury Shares Transaction	Convertible Bonds - Expired	Changes in Ownership Interests in Subsidiaries	Conversion of Employee Share Options	Enforce Disgorgement	Conversion of Bond - Options	Employee Share Options	Employee Share Options in Subsidiaries
Balance at January 1, 2024	\$ 1,918,498	\$ 613,057	\$ 127,204	\$ 47,894	\$ 2,619	\$ 19,610	\$ 140	\$ 47	\$ -	\$ 27,652
Compensation costs of employee share options (remark)	-	-	-	-	-	-	-	-	-	678
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	114	-	-	-	-	-
Balance at March 31, 2024	<u>\$ 1,918,498</u>	<u>\$ 613,057</u>	<u>\$ 127,204</u>	<u>\$ 47,894</u>	<u>\$ 2,733</u>	<u>\$ 19,610</u>	<u>\$ 140</u>	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ 28,330</u>
Balance at January 1, 2023	\$ 1,327,831	\$ 613,057	\$ 124,774	\$ -	\$ -	\$ 1,460	\$ 140	\$ 47,941	\$ 4,678	\$ 23,038
Exercise of employee share options	14,009	-	-	-	-	-	-	-	(1,683)	-
Compensation costs of employee share options (remark)	-	-	-	-	-	-	-	-	5,403	1,346
Treasury shares transferred to employees	-	-	2,430	-	-	-	-	-	(5,403)	-
Acquisition of subsidiaries interest not subscribe according to shareholding ratio	-	-	-	-	4,320	-	-	-	-	-
Balance at March 31, 2023	<u>\$ 1,341,840</u>	<u>\$ 613,057</u>	<u>\$ 127,204</u>	<u>\$ -</u>	<u>\$ 4,320</u>	<u>\$ 1,460</u>	<u>\$ 140</u>	<u>\$ 47,941</u>	<u>\$ 2,995</u>	<u>\$ 24,384</u>

Remark: On January 3, 2023, the Corporation's board of directors resolved to transfer treasury shares to employees. In accordance with the actuarial report, compensation costs recognized by the Corporation were \$5,403 thousand. For the three months ended March 31, 2024 and 2023, the compensation costs of employees' shares recognized were \$678 thousand and \$1,346 thousand, respectively.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings from previous years shall be used by the Corporation's board of directors as the basis for proposing a distribution plan of new issued shares which should be resolved in the shareholders' meeting for the distribution. The board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 28-d.

The Corporation considered overall business environment, industrial growth, undistributed retained earnings, capital surplus, financial structure, and operating condition for the distribution of earnings in order to maintain stable development and secure equity of investors. The appropriations of earnings should be higher than ten percent of undistributed retained earnings. If the undistributed retained earnings are less than one percent of the paid-in capital, then the earnings shall be transferred to retained earnings and not distributed to shareholders. The Corporation is entitled to distribute bonuses in shares or in cash; cash bonus should not be less than ten percent of total bonuses. If cash bonus will be less than \$1 per share, then the Corporation shall distribute all bonuses in shares.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2023 and 2022 were as follows:

	Appropriation of Earnings		Dividends Per Share	
	2023	2022	(NT\$)	
			2023	2022
(Reversal of) special reserve	\$ (493)	\$ (111,910)		
Cash dividends	-	62,813	\$ -	\$ 0.5

The above 2022 appropriation for cash dividends had been resolved by the Corporation's board of directors on March 23, 2023; the other proposed appropriations had been resolved by the shareholders in their meeting on May 26, 2023.

On March 12, 2024, the board of directors of the parent company proposed to distribute stock dividends of \$75,323 thousand from capital reserves, equating to a dividend of \$0.5 per share. These distribution plans are pending approval at the annual general meeting of shareholders, which is expected to be held on May 27, 2024.

d. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

The exchange differences on translating the net assets of foreign operations from its functional currency to the Group's presentation currency (NTD) are recognized as exchange differences on translating the financial statements of foreign operations under other comprehensive income.

2) Unrealized (loss) gain on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ (21,928)	\$ (7,267)
Recognized for the period		
Unrealized gain on equity instruments	<u>1,735</u>	<u>-</u>
Balance at March 31	<u>\$ (20,193)</u>	<u>\$ (7,267)</u>

e. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2023	9,452
Decrease during the period	<u>(489)</u>
Number of shares at March 31, 2023	<u>8,963</u>

On January 3, 2023, the Corporation's board of directors resolved to transfer 489 thousand shares of treasury shares to employees. For related information on employees' exercised of the treasury share options, please refer to Note 31.

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

f. Non-controlling interests

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 397,583	\$ 394,852
Adjustments relating to changes in capital surplus of granting share options to employees of subsidiaries	12	282
Decrease in non-controlling interests	(114)	(4,320)
Profit (loss) for the period attributable to non-controlling interests	(4,868)	32,559
Exchange differences on translation of the financial statements of foreign entities	<u>2,656</u>	<u>3,547</u>
Balance at March 31	<u>\$ 395,269</u>	<u>\$ 426,920</u>

27. REVENUE

	For the Three Months Ended March 31	
	2024	2023
Revenue from contracts with customers		
Sporting goods	\$ 1,621,560	\$ 1,769,579
Furniture	139,217	472,659
Other revenue	<u>3,259</u>	<u>3,323</u>
	<u>\$ 1,764,036</u>	<u>\$ 2,245,561</u>

a. Contract balances

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Notes receivable (Note 10)	<u>\$ 2,775</u>	<u>\$ 984</u>	<u>\$ 1,867</u>	<u>\$ 940</u>
Accounts receivable (Note 10)	<u>\$ 916,076</u>	<u>\$ 1,071,044</u>	<u>\$ 1,244,392</u>	<u>\$ 1,095,392</u>
Contract liabilities	<u>\$ 146,659</u>	<u>\$ 145,721</u>	<u>\$ 161,413</u>	<u>\$ 177,567</u>

b. Disaggregation of revenue

Refer to Note 41 for information about the disaggregation of revenue.

28. NET PROFIT

a. Depreciation and amortization

	For the Three Months Ended March 31	
	2024	2023
Property, plant and equipment	\$ 35,614	\$ 37,871
Intangible assets	20,390	20,055
Right-of-use assets	6,797	6,987
Investment properties	<u>512</u>	<u>516</u>
	<u>\$ 63,313</u>	<u>\$ 65,429</u>
An analysis of depreciation by function		
Operating costs	\$ 19,432	\$ 22,244
Operating expenses	22,979	22,614
Non-operating income and expenses	<u>512</u>	<u>516</u>
	<u>\$ 42,923</u>	<u>\$ 45,374</u>
An analysis of amortization by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>20,390</u>	<u>20,055</u>
	<u>\$ 20,390</u>	<u>\$ 20,055</u>

b. Other operating income and expenses

**For the Three Months Ended
March 31**

	2024	2023
Loss on disposal of property, plant and equipment	\$ <u>291</u>	\$ <u>6</u>

c. Employee benefits expense

**For the Three Months Ended
March 31**

	2024	2023
Post-employment benefits (Note 25)		
Defined contribution plan	\$ 7,910	\$ 7,373
Defined benefit plans	<u>92</u>	<u>92</u>
	<u>8,002</u>	<u>7,465</u>
Employees' compensation	301,409	278,101
Labor and national health insurance expenses	23,577	23,036
Other employee benefits	<u>23,680</u>	<u>7,871</u>
	<u>348,666</u>	<u>309,008</u>
 Total employee benefits expense	 <u>\$ 356,668</u>	 <u>\$ 316,473</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 87,944	\$ 76,237
Operating expenses	<u>268,724</u>	<u>240,236</u>
	<u>\$ 356,668</u>	<u>\$ 316,473</u>

d. Compensation of employees and remuneration of directors

The Corporation accrued employees' compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. For the three months ended March 31, 2023, there was no estimation for compensation of employees and remuneration of directors due to net loss before tax. The employees' compensation for the three months ended March 31, 2024, was as follows:

Accrual rate

	For the Three Months Ended March 31, 2024
Compensation of employees	1.00%
Remuneration of directors	-

Amount

	For the Three Months Ended March 31, 2024
Compensation of employees	\$ <u>463</u>
Remuneration of directors	<u>\$ -</u>

If there is a change in amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

For the years ended December 31, 2023 and 2022, there were no estimation for compensation of employees and remuneration of directors due to net loss before tax.

Information on the compensation of employees and remuneration of directors resolved by the Corporation's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

e. Gains or losses on foreign currency exchange

	For the Three Months Ended March 31	
	2024	2023
Foreign exchange gains	\$ 187,225	\$ 15,549
Foreign exchange losses	<u>(71,691)</u>	<u>(46,158)</u>
Net (losses) gains	<u>\$ 115,534</u>	<u>\$ (30,609)</u>

f. Interest expenses

	For the Three Months Ended March 31	
	2024	2023
Interest on bank loans	\$ 22,249	\$ 21,219
Interest on lease liabilities	236	272
Interest on convertible bonds	<u>-</u>	<u>4,821</u>
	<u>\$ 22,485</u>	<u>\$ 26,312</u>

The relative information of capitalization of interest were as followings:

	For the Three Months Ended March 31	
	2024	2023
Capitalization of interest amount	\$ 2,173	\$ 1,204
Capitalization of interest rate	2.29%	1.95%

29. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax recognized in profit or loss:

	For the Three Months Ended March 31	
	2024	2023
Current tax		
In respect of the current period	\$ 20,058	\$ 22,658
Adjustments for prior periods	<u>(7,574)</u>	<u>(1,087)</u>
	<u>12,484</u>	<u>21,571</u>
Deferred tax		
In respect of the current period	<u>(13,861)</u>	<u>(19,675)</u>
Income tax expense recognized in profit or loss	<u>\$ (1,377)</u>	<u>\$ 1,896</u>

b. Income tax assessments

The income tax returns of the Corporation and the income tax returns of subsidiaries, Cikayda Inc. through 2021 have been assessed by the tax authorities. The income tax returns of subsidiaries, Daan Health Management Consulting Co., Ltd., Wing Long Co., Ltd., Iuvo Industry Co., Ltd. and President Plastic Products MFG. Co., Ltd. through 2022 have been assessed by the tax authorities.

30. EARNINGS (LOSS) PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings (loss) per share are as follows:

Net Profit (loss) for the period is as follows:

	For the Three Months Ended March 31	
	2024	2023
Profit (loss) for the period attributable to owners of the Corporation	<u>\$ 32,716</u>	<u>\$ (112,560)</u>
Earnings (loss) used in the computation of basic earnings (loss) per share	\$ 32,716	<u>\$ (112,560)</u>
Effect of potentially dilutive ordinary shares:		
Interest on convertible bonds (after tax) and valuation gain or loss on financial assets at FVTPL	<u>-</u>	
Earnings used in the computation of diluted earnings per share	<u>\$ 32,716</u>	

The weighted average number of ordinary shares outstanding (in thousands of shares) is as follows:

	For the Three Months Ended March 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic loss per share	150,647	<u>124,858</u>
Effect of potentially dilutive ordinary shares:		
Compensation of employees	15	
Convertible promissory notes	<u>12</u>	
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>150,674</u>	

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. The Group is net loss at the three months ended March 31, 2023, therefore, the diluted earnings per share was not calculated due to the anti-dilution effect.

31. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share options

Qualified employees of the Corporation and its subsidiaries were granted 4,000 options in December 2017. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Corporation. The options granted are valid for 6 years and exercisable at the following schedule after the second anniversary from the grant date.

- 1) The options are exercisable at fifty percent after the second anniversary from the grant date.
- 2) The options are exercisable at seventy five percent after the third anniversary from the grant date.
- 3) The options are fully exercisable after the fourth anniversary from the grant date.

The options were granted at an exercise price equal to the closing price of the Corporation's ordinary shares at the grant date. For any subsequent changes in the Corporation's capital surplus, the exercise price is adjusted according

Information on employee share options is as follows:

	For the Three Months Ended March 31, 2023	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Employee Share Options		
Balance at January 1	2,691	\$ 34.9
Options exercised	<u>(495)</u>	34.9
Balance at March 31	<u>2,196</u>	
Options exercisable, end of period	<u>2,196</u>	

As of the balance sheet date, outstanding options were as follows:

	March 31, 2023
Range of exercise price (\$)	\$34.9
Weighted-average remaining contractual life (in years)	0.75 years

Options granted in December 2017 were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	December 2017
Grant-date share price	\$42.95
Exercise price	\$42.95
Expected volatility	28.17%
Expected life (in years)	4-5 years
Expected dividend yield	-
Risk-free interest rate	0.63%-0.71%

Expected volatility was based on the annualized standard deviation of daily returns of the Corporation's historical share price over the expected life of the employee share options.

As of March 31, 2023, the abovementioned employee share option certificate was exercised by the holder, the capital surplus - employee share option of NT\$1,683 thousand was reclassified to the capital surplus - ordinary shares premium on the conversion date. The capital surplus - ordinary shares premium of NT\$12,326 thousand was recognized on the conversion date.

b. Treasury shares transferred to employees

The fifth treasury shares transferred to employees

Qualified employees of the Group were granted 489 thousand treasury share options on January 3, 2023. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Corporation.

Information on treasury share options is as follow

Employee Share Options	For the three Months Ended March 31, 2023	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Balance at January 1	489	\$ 30.00
Options exercised	<u>(489)</u>	30.00
Balance at March 31	<u>=====</u>	
Options exercisable, end of period	<u>=====</u>	

The base date of employee share options was February 8, 2023. Employees exercised the treasury share options from February 6, 2023 to February 8, 2023.

Options granted in January 2023 were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	January 2023
Grant-date share price	\$41.05
Exercise price	\$30.00
Expected volatility	3%
Expected life (in days)	37 days
Risk-free interest rate	1.65%
Weighted-average fair value of options granted	\$11.05

Expected volatility was based on the Corporation's historical share price volatility for the past six months.

As of March 31, 2023, the abovementioned employee share option certificate was exercised by the holder, the capital surplus - employee share option of NT\$5,403 thousand was reclassified to the capital surplus - ordinary shares premium on the conversion date. The capital surplus - ordinary shares premium of NT\$2,973 thousand was recognized on the conversion date.

c. Granting treasury share options to employees of subsidiaries

In the board meeting on March 9, 2022, the Corporation approved the granting of 2,000 thousand options to employees of indirectly held subsidiaries; the duration is set to retroactively expire after 4 years from the issuance date of November 30, 2021 when the employees begin their employments. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Corporation. The options granted are valid for 1 years and exercisable at the following schedule after the second anniversary from the grant date.

- 1) The options are exercisable at fifty percent after the first anniversary from the grant date.
- 2) The options are exercisable at seventy five percent after the second anniversary from the grant date.
- 3) The options are fully exercisable after the third anniversary from the grant date.

Note: According to the above schedule, seventy five percent of every subscription should be lock-up for six months, rest of them are no restriction.

According to the regulations on the transfer of treasury shares of the Corporation, if there is an increase in the issued ordinary shares before the transfer, the execution price may be adjusted according to the ratio of the increase in the issued shares.

Above options are priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	Lock-up for Six Months	No Lock-up
Grant-date share price	\$40.11	\$44.00
Exercise price	\$30.05	\$30.05
Expected volatility	39.53%-46.21%	39.53%-46.21%
Expected life (in years)	2.23-3.23 years	2.23-3.23 years
Expected dividend yield	-	-
Risk-free interest rate	0.44%-0.51%	0.44%-0.51%

Expected volatility is based on the Corporation's rate of return on historical daily share price during the expected duration of the treasury share option, and then annualized standard deviation is calculated.

Compensation cost recognized by the subsidiaries was \$690 thousand and \$1,628 thousand for the three months ended March 31, 2024 and the three months ended March 31, 2023, respectively.

32. PARTIAL CASH TRANSACTIONS

For the three months ended March 31, 2024 and 2023, the Corporation entered into the following partial cash investing and financing activities:

a. From cash investing activities

	For the Three Months Ended March 31	
	2024	2023
Partial cash paid for property, plant and equipment		
Purchase of property, plant and equipment	\$ 164,926	\$ 84,944
Changes in prepayments for purchases of equipment	(947)	(1,886)
Changes in payables for purchase of equipment and construction	<u>(39,813)</u>	<u>(1,710)</u>
Cash paid	<u>\$ 124,166</u>	<u>\$ 81,348</u>
Partial cash paid for other intangible assets		
Purchase of other intangible assets	\$ 3,030	\$ 2,517
Changes in other payables	5,727	-
Changes in payables for purchase of equipment	150	-
Changes in payables for royalties	<u>(320)</u>	<u>1,139</u>
Cash paid	<u>\$ 8,587</u>	<u>\$ 3,656</u>

b. The cash dividends approved in the board of directors were not yet distributed as of the three months ended March 31, 2023, (refer to Notes 23 and 26, respectively).

c. Changes in liabilities arising from financing activities

	Short-term Borrowings	Bonds Payable	Long-term Borrowings	Guarantee Deposits Received	Lease Liabilities
Balance at January 1, 2024	\$ 2,118,015	\$ 1,200	\$ 2,215,329	\$ 1,715	\$ 25,539
Cash flows	(196,295)	-	(14,108)	(145)	(7,215)
Non-cash changes					
New leases	-	-	-	-	10,559
Lease termination	-	-	-	-	1,179
Exchange rate impact	<u>1,400</u>	<u>-</u>	<u>5,985</u>	<u>36</u>	<u>335</u>
Balance at March 31, 2024	<u>\$ 1,923,120</u>	<u>\$ 1,200</u>	<u>\$ 2,207,206</u>	<u>\$ 1,606</u>	<u>\$ 30,397</u>
Balance at January 1, 2023	\$ 2,390,915	\$ 1,398,537	\$ 1,702,749	\$ 3,140	\$ 40,230
Cash flows	(301,147)	-	127,137	(1,382)	(3,276)
Non-cash changes					
Interests	-	4,821	-	-	-
Exchange rate impact	<u>1,105</u>	<u>-</u>	<u>(1,522)</u>	<u>(36)</u>	<u>(500)</u>
Balance at March 31, 2023	<u>\$ 2,090,873</u>	<u>\$ 1,403,358</u>	<u>\$ 1,828,364</u>	<u>\$ 1,722</u>	<u>\$ 36,454</u>

33. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

34. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The Group believes the carrying amounts of the financial assets and financial liabilities not carried at fair value except for bonds payable are approximately equal to their fair values.

March 31, 2024

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Financial bonds	\$ 38,400	\$ -	\$ 36,733	\$ -	\$ 36,733
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 1,200	\$ -	\$ 1,200	\$ -	\$ 1,200

December 31, 2023

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Financial bonds	\$ 36,846	\$ -	\$ 35,489	\$ -	\$ 35,489
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 1,200	\$ -	\$ 1,200	\$ -	\$ 1,200

March 31, 2023

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Financial bonds	\$ 36,540	\$ -	\$ 35,489	\$ -	\$ 35,489
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 1,403,358	\$ -	\$ 1,388,326	\$ -	\$ 1,388,326

The fair values of the financial liabilities included in the Level 2 categories above have been determined in accordance with a binomial-tree model for convertible bond pricing.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial liabilities held for trading				
Limited Partnership	\$ -	\$ -	\$ 40,472	\$ 40,472
Hybrid financial assets convertible bonds				
Convertible bonds options	\$ -	\$ -	\$ 123,106	\$ 123,106
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 6,865	\$ 6,865
Foreign unlisted shares	-	-	35,204	35,204
Domestic listed shares	10,701	-	-	10,701
	\$ 10,701	\$ -	\$ 42,069	\$ 52,770
Financial liabilities at FVTPL				
Derivative financial liabilities held for trading				
Foreign exchange forward contract	\$ -	\$ 2,665	\$ -	\$ 2,665

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial liabilities held for trading				
Limited Partnership	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,555</u>	<u>\$ 16,555</u>
Hybrid financial assets convertible bonds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,124</u>	<u>\$ 118,124</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 6,865	\$ 6,865
Foreign unlisted shares	-	-	35,139	35,139
Domestic listed shares	<u>8,966</u>	<u>-</u>	<u>-</u>	<u>8,966</u>
	<u>\$ 8,966</u>	<u>\$ -</u>	<u>\$ 42,004</u>	<u>\$ 50,970</u>

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial liabilities held for trading				
Limited Partnership	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,949</u>	<u>\$ 17,949</u>
Hybrid financial assets convertible bonds				
Convertible bonds options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,250</u>	<u>\$ 152,250</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 9,915	\$ 9,915
Foreign unlisted shares	-	-	44,044	44,044
Domestic listed private placement shares	<u>-</u>	<u>-</u>	<u>11,759</u>	<u>11,759</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,718</u>	<u>\$ 65,718</u>
Financial liabilities at FVTPL				
Derivative financial liabilities held for trading				
Convertible bonds option	<u>\$ -</u>	<u>\$ 22,005</u>	<u>\$ -</u>	<u>\$ 22,005</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the three months ended March 31, 2024

	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Hybrid Instruments	Equity Instruments
<u>Financial assets</u>		
Balance at January 1, 2024	\$ 134,679	\$ 42,004
Purchases	24,000	-
Recognized in profit or loss	4,899	-
Effects of foreign currency exchange differences	-	65
	<u> </u>	<u> </u>
Balance at March 31, 2024	<u>\$ 163,578</u>	<u>\$ 42,069</u>

For the three months ended March 31, 2023

	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Hybrid Instruments	Equity Instruments
<u>Financial assets</u>		
Balance at January 1, 2023	\$ 147,639	\$ 65,697
Purchases	17,400	-
Recognized in profit or loss	5,160	-
Effects of foreign currency exchange differences	-	21
	<u> </u>	<u> </u>
Balance at March 31, 2023	<u>\$ 170,199</u>	<u>\$ 65,718</u>

3) Valuation techniques and assumptions applied for fair value measurement

Financial Instrument	Valuation Technique and Inputs
Listed private placement shares and unlisted shares	The fair values of non-publicly traded equity investments are mainly determined by using the income approach and asset approach. The income approach utilizes discounted cash flows to determine the present value of the expected future economic benefits that will be derived from the investment. The asset approach measures the total value of individual assets and individual liabilities included in the valuation objectives.
Convertible promissory notes	The probability-weighted average expected return method is used for value analysis, considering the terms of the purchase agreement and the management's expected probability and rights to future possible scenarios, to calculate the present value of the expected return for each scenario and the analysis results by weighting of scenario against associated probability.

(Continued)

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Derivative financial instruments - foreign exchange forward contract	Swap contracts and foreign exchange forward contract are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.
Derivative financial instruments - call and put options	Binomial-tree model for convertible bond pricing: The fair values are determined by using ending observable share prices, risk-free interest rate and risk discount rates.
Limited Partnership	The limited partnership uses the asset method to calculate the fair value of the investment targets. The asset method is used to evaluate the total value of the individual assets and liabilities covered by the investment.

(Concluded)

The use of estimates and hypotheses of the Group's valuation method adopted is consistent with the market participants, when pricing such financial instruments.

c. Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 163,578	\$ 134,679	\$ 170,199
Financial assets at amortized cost (Note 1)	2,122,820	2,402,902	2,521,976
Financial assets at FVTOCI - equity instruments	52,770	50,970	65,718
<u>Financial liabilities</u>			
FVTPL			
Held for trading	2,665	-	22,005
Amortized cost (Note 2)	5,370,694	5,686,364	6,731,411

Note 1: The balances included financial assets measured at amortized cost, which comprised cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, partial other receivables and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprised short-term borrowings, notes payable, accounts payable, bonds payable, long-term borrowings (including current portion), long-term payables, partial other payables, other payables from related parties, and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include investments in equity instruments, accounts receivable, accounts payable, borrowings and lease liabilities. The Group's corporate treasury function coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 39.

Sensitivity analysis

The Group is mainly exposed to the U.S. dollars, Renminbi, Euros, British pound and Canadian dollar.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. A positive (negative) number below indicates an increase (decrease) in pre-tax profit associated with the functional currency strengthening (weakening) 5% against the relevant currency.

	USD Impact		RMB Impact	
	For the Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2024	2023	2024	2023
Profit or loss	\$ (149,267)	\$ (188,648)	\$ 30,881	\$ 15,982
	EUR Impact		GBP Impact	
	For the Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2024	2023	2024	2023
Profit or loss	\$ (1,504)	\$ (11,925)	\$ (7,639)	\$ (14,363)
	CAD Impact			
	For the Three Months Ended			
	March 31			
	2024		2023	
Profit or loss	\$ (136)		\$ (590)	

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
Financial assets	\$ 108,333	\$ 89,236	\$ 194,013
Financial liabilities	2,065,338	2,245,850	3,599,503
Cash flow interest rate risk			
Financial assets	798,046	829,476	735,355
Financial liabilities	2,179,998	2,197,326	1,865,702

Sensitivity analysis

The sensitivity analysis below was based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2024 would decrease/increase by \$864 thousand, which was mainly attributable to the Group's exposure to interest rates on its demand deposit and variable-rate bank borrowings.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax loss for the three months ended March 31, 2023 would increase/decrease by \$706 thousand, which was mainly attributable to the Group's exposure to interest rates on its demand deposit and variable-rate bank borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopts a policy of doing business with a counterparty with good reputation.

The credit risk of the Group arises mainly from the top five customers. The accounts receivable from the above customers accounted for 32.20%, 60.34% and 64.80% of total accounts receivable as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group had available unutilized short-term bank loan facilities of \$2,142,748 thousand, \$1,781,312 thousand and \$2,185,692 thousand, respectively.

The following table details the Group's contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

March 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 489,117	\$ 604,963	\$ 61,675	\$ -	\$ -
Variable interest rate liabilities	62,753	90,001	258,919	1,191,465	682,842
Fixed interest rate liabilities	810,327	525,955	490,036	85,130	139,436
Lease liabilities	<u>1,689</u>	<u>2,617</u>	<u>9,117</u>	<u>17,979</u>	<u>-</u>
	<u>\$ 1,363,886</u>	<u>\$ 1,223,536</u>	<u>\$ 819,747</u>	<u>\$ 1,294,574</u>	<u>\$ 822,278</u>

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 504,222	\$ 746,584	\$ 17,921	\$ -	\$ -
Variable interest rate liabilities	30,017	146,713	251,031	1,213,675	659,912
Fixed interest rate liabilities	345,308	777,314	894,409	83,727	135,259
Lease liabilities	<u>1,180</u>	<u>2,753</u>	<u>8,522</u>	<u>14,070</u>	<u>-</u>
	<u>\$ 880,727</u>	<u>\$ 1,673,364</u>	<u>\$ 1,171,883</u>	<u>\$ 1,311,472</u>	<u>\$ 795,171</u>

March 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 421,995	\$ 757,108	\$ 60,744	\$ -	\$ -
Variable interest rate liabilities	14,041	27,142	375,844	1,136,877	311,798
Fixed interest rate liabilities	251,739	1,171,878	1,908,439	101,189	129,804
Lease liabilities	<u>1,991</u>	<u>4,385</u>	<u>14,571</u>	<u>25,185</u>	<u>1,429</u>
	<u>\$ 689,766</u>	<u>\$ 1,960,513</u>	<u>\$ 2,359,598</u>	<u>\$ 1,263,251</u>	<u>\$ 443,031</u>

The following table details the Group's liquidity analysis for its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

March 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 1,598</u>	<u>\$ 1,687</u>	<u>\$ -</u>	<u>\$ -</u>

4) Financing facilities

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank overdraft facilities, reviewed annually and payable on demand:			
Amount used	\$ 427,000	\$ 622,485	\$ 982,508
Amount unused	<u>1,103,000</u>	<u>935,575</u>	<u>1,054,255</u>
	<u>\$ 1,530,000</u>	<u>\$ 1,558,060</u>	<u>\$ 2,036,763</u>
Secured bank overdraft facilities:			
Amount used	\$ 3,703,326	\$ 3,710,553	\$ 2,936,629
Amount unused	<u>1,039,748</u>	<u>845,737</u>	<u>1,131,437</u>
	<u>\$ 4,743,074</u>	<u>\$ 4,556,290</u>	<u>\$ 4,068,066</u>

35. RELATED PARTY TRANSACTIONS

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note.

a. Related parties and relationships

<u>Related Party</u>	<u>Relationship with the Corporation</u>
Associates	
Morsel Inc.	Associate invested using the equity method
Other related parties	
Houli Construction Co., Ltd.	Director of the Company (is no longer the director of the Corporation since May 2023)
LIU, YI-CHENG	Shareholder of CITY SPORTS (THAILAND) CO., LTD shareholder

b. Other payable

	March 31, 2024	December 31, 2023	March 31, 2023
Other related parties	<u>\$ 10,240</u>	<u>\$ 15,967</u>	<u>\$ -</u>

The amount was mainly received by the Corporation on behalf of the subsidiaries and the unpaid amount for intangible assets acquired from Morsel Inc., totaling \$10,240 thousand (recognized as current liabilities of \$2,560 thousand and non-current liabilities of \$7,680 thousand, respectively).

c. Purchase of property, plant and equipment

Related Party Category/Name	Acquisition of Property, Plant and Equipment	
	For the Three Months Ended March 31	
	2024	2023
Other related parties		
Houli Construction Co., Ltd.	\$ _____ -	\$ <u>50,550</u>

The Group signed a construction project contract with a related party and entrusted it to build a factory. The total contract price was \$337,000 thousand, and the construction cost was paid on schedule according to the contract.

d. Loans from related parties

Related Party Category/Name	March 31, 2024	December 31,	March 31, 2023
		2023	
Other related parties	\$ _____ -	\$ _____ -	\$ <u>8,973</u>

The Group obtained loans from related parties. The loans from the ultimate parent, Dyaco International Inc., are unsecured.

e. Selling and marketing expenses

Related Party Category/Name	For the Three Months Ended March 31	
	2024	2023
Associates	\$ <u>183</u>	\$ _____ -

f. Compensation of key management personnel

The details of the compensation of key management personnel for the three months ended March 31, 2024 and 2023 were as follows:

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits	\$ 29,223	\$ 20,392
Post-employment benefits	<u>277</u>	<u>22</u>
	<u>\$ 29,500</u>	<u>\$ 20,414</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	March 31, 2024	December 31, 2023	March 31, 2023
Property, plant and equipment	\$ 1,990,284	\$ 2,230,810	\$ 2,032,218
Right-of-use assets	262,566	263,819	272,345
Pledge deposits - current	40,408	23,390	194,013
Investment properties	<u>18,469</u>	<u>18,690</u>	<u>19,349</u>
	<u>\$ 2,311,727</u>	<u>\$ 2,536,709</u>	<u>\$ 2,517,925</u>

37. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

38. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to other notes, the Group has the following significant commitments on its balance sheet.

The unrecognized contractual commitments of the Group are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Acquisition of property, plant and equipment			
Property under construction	<u>\$ 351,173</u>	<u>\$ 426,471</u>	<u>\$ 493,507</u>

39. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

March 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 91,260	32 (USD:NTD)	\$ 2,920,313
USD	4,894	7.2595 (USD:RMB)	156,619
USD	657	1.3548 (USD:CAD)	21,030
USD	23	151.3002 (USD:JPY)	726
USD	61	36.1991 (USD:THB)	1,959
JPY	43	0.2115 (JPY:NTD)	9
RMB	7,482	4.408 (RMB:NTD)	32,979
RMB	450	0.1378 (RMB:USD)	1,986

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
EUR	\$ 845	34.46 (EUR:NTD)	\$ 29,120
EUR	38	1.0769 (EUR:USD)	1,305
EUR	24	0.8532 (EUR:GBP)	839
GBP	3,897	40.39 (GBP:NTD)	157,407
GBP	7	1.1721 (GBP:EUR)	298
GBP	77	1.2622 (GBP:USD)	3,128
THB	1	0.884(THD:NTD)	1
CAD	115	23.62(CAD:NTD)	2,720
Nonmonetary items			
USD	22,174	32 (USD:NTD)	709,570
USD	6,472	7.8259 (USD:HKD)	207,110
HKD	272,004	4.089 (HKD:NTD)	1,112,222
RMB	197,512	1.078 (RMB:HKD)	870,424
CAD	10,622	23.62 (CAD:NTD)	250,885
EUR	4,267	34.46 (EUR:NTD)	147,030
GBP	2,848	40.39 (GBP:NTD)	115,045
<u>Financial liabilities</u>			
Monetary items			
USD	2,139	32 (USD:NTD)	68,437
USD	413	1.3548 (USD:CAD)	13,226
USD	1,023	151.3002 (USD:JPY)	32,745
USD	28	7.2595 (USD:RMB)	903
RMB	139,836	4.408 (RMB:NTD)	616,398
RMB	8,209	0.1378 (RMB:USD)	36,187
EUR	35	34.46 (EUR:NTD)	1,190
GBP	81	1.1721 (GBP:EUR)	3,280
GBP	118	1.2622 (GBP:USD)	4,779
Nonmonetary items			
JPY	63,202	0.2115 (JPY:NTD)	13,367
THB	5,303	0.884 (THD:NTD)	4,688

(Concluded)

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 104,968	30.705 (USD:NTD)	\$ 3,223,017
USD	1,991	7.0961(USD:RMB)	61,135
USD	523	1.3235 (USD:CAD)	16,048
USD	23	141.3674 (USD:JPY)	696
RMB	12,080	4.327 (RMB:NTD)	52,272
RMB	511	0.1409 (RMB:USD)	2,212

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
EUR	\$ 777	33.98 (EUR:NTD)	\$ 26,423
EUR	78	1.1067 (EUR:USD)	2,643
EUR	25	0.8679 (EUR:GBP)	861
GBP	4,175	39.15 (GBP:NTD)	163,444
GBP	77	1.275 (GBP:USD)	3,032
GBP	29	1.1521 (GBP:EUR)	1,145
CAD	3,584	23.2 (CAD:NTD)	83,139
Nonmonetary items			
USD	6,227	7.815 (USD:HKD)	191,207
USD	24,356	30.705 (USD:NTD)	747,851
HKD	275,025	3.929 (HKD:NTD)	1,080,575
RMB	198,200	1.1013 (RMB:HKD)	857,855
EUR	4,690	33.98 (EUR:NTD)	159,362
GBP	2,907	39.15 (GBP:NTD)	113,823
CAD	10,117	23.2 (CAD:NTD)	234,723
<u>Financial liabilities</u>			
Monetary items			
USD	2,408	30.705 (USD:NTD)	73,924
USD	340	1.3235 (USD:CAD)	10,447
USD	984	141.3674 (USD:JPY)	30,209
USD	27	7.0961 (USD:RMB)	840
RMB	91,688	4.327 (RMB:NTD)	396,733
RMB	7,567	0.1409 (RMB:USD)	32,744
GBP	103	1.275 (GBP:USD)	4,013
Nonmonetary items			
JPY	34,439	0.2172 (JPY:NTD)	7,480
THB	2,358	0.9017 (THD:NTD)	2,126
			(Concluded)

March 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 105,498	30.45 (USD:NTD)	\$ 3,221,711
USD	20,330	6.872 (USD:RMB)	619,078
USD	440	1.3551 (USD:CAD)	13,384
USD	23	133.0857 (USD:JPY)	691
JPY	58	0.2288 (JPY:NTD)	13
RMB	15,203	4.431 (RMB:NTD)	67,366
RMB	128	0.1455 (RMB:USD)	568
EUR	7,165	33.15 (EUR:NTD)	237,515
EUR	65	1.0887 (EUR:USD)	2,170
			(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
GBP	\$ 7,518	37.67 (GBP:NTD)	\$ 283,186
GBP	151	1.1363 (GBP:EUR)	5,701
GBP	77	1.2371 (GBP:USD)	2,895
THB	1	0.8973 (THD:NTD)	1
CAD	525	22.47 (CAD:NTD)	11,803
Nonmonetary items			
USD	20,286	30.45 (USD:NTD)	617,700
USD	6,088	7.85 (USD:HKD)	185,365
HKD	286,354	3.879 (HKD:NTD)	1,110,766
RMB	204,054	1.1423 (RMB:HKD)	904,163
GBP	4,272	37.67 (GBP:NTD)	160,936
THD	2,551	0.8973 (THD:NTD)	2,289
EUR	6,705	33.15 (EUR:NTD)	222,266
CAD	11,640	22.47 (CAD:NTD)	261,549

Financial liabilities

Monetary items

USD	1,373	30.45 (USD:NTD)	41,787
USD	78	1.3551 (USD:CAD)	2,365
USD	1,003	133.0857 (USD:JPY)	30,544
USD	236	6.872 (USD:RMB)	7,206
RMB	82,762	4.431 (RMB:NTD)	366,718
RMB	4,709	0.1455 (RMB:USD)	20,865
EUR	36	33.15 (EUR:NTD)	1,183
GBP	120	1.2371 (GBP:USD)	4,527
JPY	9,306	0.2288 (JPY:NTD)	2,129

(Concluded)

For the three months ended March 31, 2024 and 2023, realized and unrealized net foreign exchange (losses) gains were \$115,534 thousand and \$(30,609) thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions.

40. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others: Table 1
- 2) Endorsements/guarantees provided: Table 2
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 3
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None

- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5
 - 9) Trading in derivative instruments: Notes 7 and 34
- b. Information on investees (excluding investees in mainland China): Table 6
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 8
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 8
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None
- d. Intercompany relationships and significant intercompany transactions: Table 9
- e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 10

41. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segments are Asia, Americas and Europe, which mainly manufacture and sell treadmills, elliptical machines, and outdoor furniture.

a. Segment revenues and results

	Asia	Americas	Europe	Eliminations	Total
<u>Three months ended March 31, 2024</u>					
Revenues from external customers	\$ 379,565	\$ 1,095,890	\$ 288,581	\$ -	\$ 1,764,036
Intersegment revenues	<u>656,678</u>	<u>6,502</u>	<u>25,500</u>	<u>(688,680)</u>	<u>-</u>
Consolidated revenues	<u>\$ 1,036,243</u>	<u>\$ 1,102,392</u>	<u>\$ 314,081</u>	<u>\$ (688,680)</u>	<u>\$ 1,764,036</u>
Segment income (loss)	<u>\$ 148,906</u>	<u>\$ (72,497)</u>	<u>\$ (39,845)</u>	<u>\$ (10,093)</u>	<u>\$ 26,471</u>
<u>Three months ended March 31, 2023</u>					
Revenues from external customers	\$ 368,729	\$ 1,625,679	\$ 251,153	\$ -	\$ 2,245,561
Intersegment revenues	<u>836,473</u>	<u>8,999</u>	<u>39,236</u>	<u>(884,708)</u>	<u>-</u>
Consolidated revenues	<u>\$ 1,205,202</u>	<u>\$ 1,634,678</u>	<u>\$ 290,389</u>	<u>\$ (884,708)</u>	<u>\$ 2,245,561</u>
Segment income (loss)	<u>\$ 141,719</u>	<u>\$ (76,648)</u>	<u>\$ (49,208)</u>	<u>\$ (93,968)</u>	<u>\$ (78,105)</u>

b. Segment assets and liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Segment assets</u>			
Asia	\$ 6,827,769	\$ 6,712,085	\$ 7,004,680
Americas	3,545,846	3,853,384	3,486,003
Europe	<u>749,687</u>	<u>723,705</u>	<u>1,103,027</u>
Total segment assets	<u>\$ 11,123,302</u>	<u>\$ 11,289,174</u>	<u>\$ 11,593,710</u>
<u>Segment liabilities</u>			
Asia	\$ 2,793,187	\$ 2,846,112	\$ 4,053,663
Americas	2,980,700	3,248,443	2,832,388
Europe	<u>467,473</u>	<u>422,942</u>	<u>749,799</u>
Total segment liabilities	<u>\$ 6,241,360</u>	<u>\$ 6,517,497</u>	<u>\$ 7,635,850</u>

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period (Note 6)	Ending Balance (Note 6)	Actual Borrowing Amount (Note 7)	Interest Rate	Nature of Financing	Business Transaction Amount (Note 4)	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limits	Note	
													Item	Value				
0	Dyaco International Inc.	Dyaco UK Ltd.	Other receivables from related parties	Yes	\$ 78,281 (GBP 1,938 thousand)	\$ 59,911 (GBP 1,483 thousand)	\$ 59,911 (GBP 1,483 thousand)	-	Business transaction	\$ 107,800	-	\$ -	-	\$ -	\$ 107,800 (Note 2)	\$ 1,794,669 (Note 5)		
		Spirit Manufacturing Inc.	Other receivables from related parties	Yes	153,733 (US\$ 4,804 thousand)	9,709 (US\$ 303 thousand)	9,709 (US\$ 303 thousand)	-	Business transaction	724,224	-	-	-	-	724,224 (Note 2)	1,794,669 (Note 5)		
		Fitness Equipment Services, LLC.	Other receivables from related parties	Yes	756,693 (US\$ 23,647 thousand)	226,355 (US\$ 7,074 thousand)	226,355 (US\$ 7,074 thousand)	-	Business transaction	1,773,663	-	-	-	-	1,773,663 (Note 2)	1,794,669 (Note 5)		
		Spirit Direct, LLC.	Other receivables from related parties	Yes	45,741 (US\$ 1,429 thousand)	41,454 (US\$ 1,295 thousand)	41,454 (US\$ 1,295 thousand)	-	Business transaction	51,597	-	-	-	-	51,597 (Note 2)	1,794,669 (Note 5)		
		CITY SPORTS (THAILAND) CO., LTD	Other receivables from related parties	Yes	53,040 (THB 60,000 thousand)	53,040 (THB 60,000 thousand)	40,081 (THB 45,340 thousand)	-	Short-term financing	-	Operating turnover	-	-	-	-	897,335 (Note 1)	1,794,669 (Note 5)	
		Wing Long Co., Ltd.	Other receivables from related parties	Yes	5,000	5,000	3,000	-	Short-term financing	-	Operating turnover	-	-	-	-	1,794,669 (Note 1)	1,794,669 (Note 5)	
		Sweatband. Com Ltd	Other receivables from related parties	Yes	24,234 (GBP 743 thousand)	24,234 (GBP 743 thousand)	24,234 (GBP 569 thousand)	-	Short-term financing	-	Operating turnover	-	-	-	-	1,794,669 (Note 1)	1,794,669 (Note 5)	
		Iuvo Industry Co., Ltd.	Other receivables from related parties	Yes	30,000	30,000	23,000	-	Short-term financing	-	Operating turnover	-	-	-	-	1,794,669 (Note 1)	1,794,669 (Note 5)	
1	Fuel spirit International Inc.	Dyaco International Inc.	Other receivables from related parties	Yes	64,000 (US\$ 2,000 thousand)	64,000 (US\$ 2,000 thousand)	-	-	Short-term financing	-	Operating turnover	-	-	-	207,110 (Note 3)	207,110 (Note 3)		
2	Cikayda Inc.	Iuvo Industry Co., Ltd.	Other receivables from related parties	Yes	7,000	6,500	6,500	-	Short-term financing	-	Operating turnover	-	-	-	6,762 (Note 3)	6,762 (Note 3)		

Note 1: The maximum financing of a parent to a subsidiary in which the parent entity directly and indirectly holds over 90% voting shares is limited to 40% of the net value of the parent entity; the maximum financing to other individual corporations is limited to 20% of the net value of the parent entity.

Note 2: The amount of financing provided to companies with which the parent entity has business transactions is limited to the transaction amount.

Note 3: The maximum financing of a parent to a subsidiary in which the lending company directly and indirectly holds over 100% voting shares is limited to 100% of the net value of the lending company; the maximum financing to other individual corporations is limited to 40% of the net value of the lending company.

Note 4: The business transaction amount refers to the recent year's transaction amount between the lending company and the lender.

Note 5: The maximum financing allowed is limited to 40% of the net value of the parent entity.

Note 6: The maximum balance for the period and ending balances were approved by the board of directors.

Note 7: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Provided to Each Guaranteed Party (Note 1)	Maximum Balance for the Period (Note 2)	Ending Balance (Note 2)	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth in Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 3)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 3)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 3)	Note
		Name	Relationship											
0	Dyaco International Inc.	Wing Long Co., Ltd.	Directly held subsidiary	\$ 2,243,337	\$ 5,000	\$ 5,000	\$ 2,000	\$ -	0.11	\$ 2,243,337	Y	-	-	
		Iuvo Industry Co., Ltd.	Directly held subsidiary	2,243,337	30,000	30,000	30,000	-	0.67	2,243,337	Y	-	-	
1	President Plastic Products MFG. Co., Ltd.	Dyaco International Inc.	Ultimate parent	2,243,337	300,000	300,000	300,000	300,000	6.69	2,243,337	-	Y	-	

Note 1: The maximum amount of endorsement provided to a subsidiary in which the guarantor directly and indirectly holds over 90% voting shares is limited to 50% of the net value of the guarantor; the maximum amount of endorsement provided to other individual corporations is limited to 10% of the net value of the guarantor and the total amount provided is limited to 50% of net value of the guarantor.

Note 2: The maximum balance for the period and ending balances were approved by the board of directors.

Note 3: "Y" means the endorsement/guarantee is given by a parent entity on behalf of subsidiaries, or given by subsidiaries on behalf of a parent entity or on behalf of corporations in mainland China.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES)

MARCH 31, 2024

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship	Line Item	March 31, 2024				Note	
				Shares	Carrying Amount	Percentage of Ownership	Fair Value		
Dyaco International Inc.	<u>Stock</u> Energy Moana Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	300,000	\$ 1,125	0.73	\$ 1,125	Note 1	
	Firenze Cultural Exchange International Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	750,000	5,740	7.50	5,740	Note 1	
	Inalways corporation	-	Financial assets at fair value through other comprehensive income (FVTOCI)	588,000	10,701	1.19	10,701	Note 2	
	Uniigym Global Holdings Limited.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	250,000	5,186	2.24	5,186	Note 1	
	Gomore Inc.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	50,433,730	(US\$ 169 thousand) 26,480	4.40	(US\$ 169 thousand) 26,480	Note 1	
	<u>Limited partnership</u> Changneng Capital Limited Partnership	-	Financial assets at fair value through profit or loss (FVTPL)	-	40,472	-	40,472	Note 1	
	<u>Convertible bonds</u> 2-year financial debentures of Mega International Commercial Bank	-	Financial assets at amortized cost	-	8,000 (US\$ 250 thousand)	-	8,000 (US\$ 250 thousand)		
	2.5-year financial debentures of Mega International Commercial Bank	-	Financial assets at amortized cost	-	6,400 (US\$ 200 thousand)	-	6,400 (US\$ 200 thousand)		
	8-year financial debentures of Mega International Commercial Bank	-	Financial assets at amortized cost	-	11,200 (US\$ 350 thousand)	-	11,200 (US\$ 350 thousand)		
	12-year financial debentures of Mega International Commercial Bank	-	Financial assets at amortized cost	-	12,800 (US\$ 400 thousand)	-	12,800 (US\$ 400 thousand)		
	<u>Convertible promissory note</u> Morsel Inc.	-	Financial assets at fair value through profit or loss (FVTPL)	-	123,106 (US\$ 3,847 thousand)	-	123,106 (US\$ 3,847 thousand)	Note 1	
	Dyaco (Shanghai) Trading Co., Ltd.	<u>Stock</u> Beijing Huoli Zhenghe Intelligent Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	3,538 (RMB 803 thousand)	9	3,538 (RMB 803 thousand)	Note 1

Note 1: Unlisted shares and convertible promissory note without quoted price were calculated by fair value method.

Note 2: Their fair value is calculated based on the closing price as of March 31, 2024.

Note 3: For the information on investments and associates in subsidiaries, refer to Tables 6 and 7.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship	Transaction Details				Transaction with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount (Note 3)	% to Total (Note 1)	Payment Terms	Unit Price	Payment Terms	Ending Balance (Notes 2 and 3)	% to Total (Note 1)	
Dyaco International Inc.	Fitness Equipment Services, LLC.	Indirectly held subsidiary	Sales	\$ 327,381	46	Flexible	Based on mutual agreement	Flexible	\$ 938,872	57	Note 2
	Spirit Manufacturing	Directly held subsidiary	Sales	140,848	20	Flexible	Based on mutual agreement	Flexible	416,098	25	Note 2
	Shelton Corporation (Jiaying), Ltd.	Indirectly held subsidiary	Purchase	229,884	50	Flexible	Based on mutual agreement	Flexible	(512,277)	54	
Fitness Equipment Services, LLC.	Dyaco International Inc.	Ultimate parent	Purchase	327,381	96	Flexible	Based on mutual agreement	Flexible	(938,872)	53	
Spirit Manufacturing	Dyaco International Inc.	Ultimate parent	Purchase	140,848	100	Flexible	Based on mutual agreement	Flexible	(416,098)	58	
Shelton Corporation (Jiaying), Ltd.	Dyaco International Inc.	Ultimate parent	Sales	229,884	55	Flexible	Based on mutual agreement	Flexible	512,277	61	

Note 1: The rate is calculated in accordance with individual financial statements.

Note 2: Excluding accounts receivable exceeded the credit period which were transferred to other receivables.

Note 3: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

MARCH 31, 2024

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Receivables from Related Party		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
			Financial Statement Accounts	Ending Balance (Note 2)		Amount	Actions Taken		
Dyaco International Inc.	Fitness Equipment Services, LLC.	Indirectly held subsidiary	Accounts receivable	\$ 938,872	1.24	\$ -	-	\$ -	\$ -
			Other receivables	819,005	Notes 1 and 2	-	-	110,935	-
	Spirit Manufacturing Inc.	Directly held subsidiary	Accounts receivable	416,098	1.21	-	-	-	-
			Other receivables	196,208	Notes 1 and 2	-	-	76,833	-
Shelton Corporation (Jiaxing), Ltd.	Dyaco International Inc.	Ultimate parent	Accounts receivable	512,277	1.60	-	-	153,519	-
Fuel-Spirit International Inc.	Spirit Manufacturing Inc.	Fellow subsidiary	Accounts receivable	105,600	-	-	-	-	-

Note 1: Other receivables refer to financing provided of which the accounts receivable were transferred due to exceeding the credit period for a certain period of time.

Note 2: On March 31, 2024, the company reclassified the accounts receivable from related parties, which were overdue beyond the normal credit period, to other receivables. Furthermore, in accordance with Article 14 of the "Regulations Governing Loaning of Funds and Endorsements/Guarantees by Public Companies," the most recent board of directors' resolution (on May 13, 2024) approved the balance of loans extended and the actual amount disbursed.

Note 3: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2024			Net Profit (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 7)
				March 31, 2024	December 31, 2023	Number of Shares (In Thousands)	%	Carrying Amount (Notes 1 and 7)		
Dyaco International Inc.	Dyaco International Holding Limited	Hong Kong	Investment	\$ 505,957	\$ 505,957	126,415,463	100	\$ 1,112,222	\$ 3,551	\$ 5,559 (Note 2)
	Dyaco Europe GmbH.	Germany	Import, export and selling	545,861	545,861	-	100	147,030	(15,290)	(15,290)
	Daan Health Management Consulting Co., Ltd.	Taiwan	Rental of medical equipment	10,010	10,010	1,000,000	100	9,011	111	111
	Dyaco Japan Co., Ltd.	Japan	Import, export and selling	72,964	72,964	201,020	100	(13,367)	(5,345)	(5,345)
	Wing Long Co., Ltd.	Taiwan	Import, export and selling	25,000	25,000	2,500,000	100	4,560	(398)	(398)
	Dyaco UK Ltd.	United Kingdom	Import, export and selling	353,080	349,656	3,173,168	99	114,607	(10,340)	(10,218)
	SOLE INC.	America	Investment	1,642,866	1,642,866	-	100	426,737	(65,655)	71,514 (Note 3)
	President Plastic Products MFG Co., Ltd.	Taiwan	Rental of property	286,640	286,640	391,000	100	288,878	114	114
	Cikayda Inc.	Taiwan	Manufacturing and selling	20,000	20,000	2,000,000	100	16,905	(392)	(392)
	CITY SPORTS (THAILAND) CO., LTD	Thailand	Fitness equipment selling	12,450	12,450	176,000	44	(4,688)	(5,880)	(2,636)
				(THB 14,420 thousand)	(THB 14,420 thousand)			(THB -5,303 thousand)	(THB -6,629 thousand)	(THB -2,972 thousand) (Note 4)
	Morsel Inc.	America	Intelligent fitness content production company	27,750	27,750	909,090	11	-	506	-
				(US\$ 1,000 thousand)	(US\$ 1,000 thousand)			(Note 8)	(US\$ 16 thousand)	
	Spirit Manufacturing Inc.	America	Import, export and selling	265,734	265,734	1,668	100	251,167	(2,456)	(2,456)
			(US\$ 8,890 thousand)	(US\$ 8,890 thousand)			(US\$ 7,849 thousand)	(US\$ -78 thousand)	(US\$ -78 thousand)	
Dyaco Canada Inc.	Canada	Import, export and selling	271,752	271,752	1,000	100	250,885	1,605	1,605	
			(US\$ 9,058 thousand)	(US\$ 9,058 thousand)			(US\$ 10,622 thousand)	(US\$ 69 thousand)	(US\$ 69 thousand)	
Hongdaxin Projection Co., Ltd.	Taiwan	Film and television industry investment	4,000	4,000	400,000	40	3,673	(96)	(41)	
Iuvo Industry Co., Ltd.	Taiwan	Electric-assisted bicycle manufacturer	125,000	125,000	18,300,000	92	104,644	(14,592)	(13,581) (Note 5)	
Dyaco Europe GmbH.	CARDIO fitness GmbH & Co KG	Germany	Import, export and selling	274,917	274,917	-	100	61,141	(10,160)	(10,160)
				(EUR 8,096 thousand)	(EUR 8,096 thousand)			(EUR -1,774 thousand)	(EUR -297 thousand)	(EUR -297 thousand)
	CARDIO fitness Verwaltungs GmbH	Germany	Investment	977	977	-	100	897	(44)	(44)
			(EUR 29 thousand)	(EUR 29 thousand)			(EUR 26 thousand)	(EUR -1 thousand)	(EUR -1 thousand)	
SOLE INC.	Fitness Equipment Services, LLC.	America	Import, export and selling	63,262	63,262	-	100	(201,227)	(71,315)	(71,315)
			(US\$ 2,100 thousand)	(US\$ 2,100 thousand)			(US\$ -6,288 thousand)	(US\$ -2,268 thousand)	(US\$ -2,268 thousand)	
Dyaco International Holding Limited	Fuel Spirit International Inc.	Mauritius	Import, export and selling	185,015	185,015	5,848,450	100	207,110	7,703	7,703
			(US\$ 5,848 thousand)	(US\$ 5,848 thousand)			(HK\$ 50,650 thousand)	(HK\$ 1,916 thousand)	(HK\$ 1,916 thousand)	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2024			Net Profit (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 7)
				March 31, 2024	December 31, 2023	Number of Shares (In Thousands)	%	Carrying Amount (Notes 1 and 7)		
Spirit Manufacturing Inc.	Spirit Direct, LLC	America	Import, export and selling	\$ 62,118 (US\$ 2,000 thousand)	\$ 62,118 (US\$ 2,000 thousand)	-	100	\$ (20,766) (US\$ -649 thousand)	\$ (3,695) (US\$ -117 thousand)	\$ (3,695) (US\$ -117 thousand)
Dyaco UK Ltd.	Neutron Ventures Ltd.	United Kingdom	Investment	135,026 (GBP 3,429 thousand)	135,026 (GBP 3,429 thousand)	308,070	100	106,487 (GBP\$ 2,636 thousand)	(14,860) (GBP -372 thousand)	(15,920) (GBP -399 thousand) (Note 6)
Neutron Ventures Ltd	Interactive Online Commerce Ltd.	United Kingdom	Investment	167,250 (GBP 4,532 thousand)	167,250 (GBP 4,532 thousand)	-	100	52,417 (GBP 1,298 thousand)	(14,604) (GBP -366 thousand)	(14,604) (GBP -366 thousand)
	Neutron Ventures Poland S.p Z.o.o	Poland	Service industry	34 (PLN 5 thousand)	34 (PLN 5 thousand)	-	100	(443) (PLN -55 thousand)	(255) (PLN -32 thousand)	(255) (PLN -32 thousand)
Interactive Online Commerce Ltd	Sweatband.com Ltd	United Kingdom	Sporting Goods selling	166,237 (GBP 4,504 thousand)	166,237 (GBP 4,504 thousand)	-	100	52,201 (GBP 1,292 thousand)	(14,604) (GBP -366 thousand)	(14,604) (GBP -366 thousand)

Note 1: The investees' financial statements used as basis for calculating investment gains (losses) recognized had all been reviewed.

Note 2: Including share of profit of \$3,551 thousand realized profits of \$1,417 thousand and unrealized loss of \$591 thousand from upstream intercompany transactions.

Note 3: Including share of loss of \$65,655 thousand minus amortization of investment premium of \$5,859 thousand.

Note 4: Including share of loss of \$2,587 thousand minus amortization of investment premium of \$49 thousand.

Note 5: Including share of loss of \$13,351 thousand minus amortization of investment premium of \$230 thousand.

Note 6: Including share of loss of \$14,860 thousand minus amortization of investment premium of \$1,060 thousand.

Note 7: Eliminated from the consolidated financial statements except Hontex Projection Industry Co., Ltd. and Morsel Inc.

Note 8: The Group acquired the ordinary shares of Morsel, Inc. for US\$1,000 thousand, (approximately NT\$27,750 thousand), which accounted for 11% of Morsel Inc.'s total equity; and in accordance with the investment agreement, the parent company has the right to appoint one third of the director seats and the ability to exercise significant influence over Morsel Inc.

(Concluded)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024	Net (Loss) Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2024 (Note 2)	Accumulated Repatriation of Investment Income as of March 31, 2024
						Outward	Inward						
Dyaco International Inc.	Dyaco (Shanghai) Trading Co., Ltd.	Import, export and selling	\$ 88,780 (US\$ 3,000 thousand)	Through an investment company registered in a third region (Note 1)	\$ 88,780 (US\$ 3,000 thousand)	\$ -	\$ -	\$ 88,780 (US\$ 3,000 thousand)	\$ (4,565) (HK\$ -1,135 thousand)	100	\$ (4,565) (HK\$ -1,135 thousand)	\$ 114,424 (HK\$ 27,983 thousand)	\$ -
	Shelton Corporation (Jiaxing), Ltd.	Manufacturing and selling	568,888 (US\$ 18,800 thousand)	Through an investment company registered in a third region (Note 1)	659,471 (US\$ 21,830 thousand)	-	-	659,471 (US\$ 21,830 thousand)	3,086 (HK\$ 767 thousand)	60	(2,754) (HK\$ -685 thousand)	753,339 (HK\$ 184,235 thousand)	-
	Kerr (Shanghai) Rehabilitation Technology Development Co., Ltd.	Healthcare management consulting	12,807 (RMB 3,000 thousand)	Others (Note 4)	-	-	-	Others (Note 4)	(105) (RMB -24 thousand)	40	(42) (RMB -10 thousand)	2,661 (RMB 604 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 6)
\$ 748,251 (US\$ 24,830 thousand)	\$ 748,251 (US\$ 24,830 thousand)	\$ -

Note 1: The investment company required in third region is Dyaco International Holding Limited.

Note 2: The investees' financial statements used as basis for calculating investment gains (losses) recognized had all been reviewed.

Note 3: Including 60% share of profit of \$1,852 thousand minus amortization of investment premium of \$2,047 thousand, unrealized profits of \$2,013 thousand from upstream intercompany transactions and unrealized profits of \$546 thousand from side stream intercompany transactions.

Note 4: Reinvested RMB1,200 thousand own fund of Dyaco (Shanghai) Trading Co., Ltd.

Note 5: According to Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China announced by Ministry of Economic Affairs (MOEA), the Corporation is not subject to an upper limit due to obtaining supporting document for operation headquarters of the company issued by Industrial Development Bureau, MOEA.

Note 6: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars)**

No.	Investor Company	Investee Company	Transaction Type	Purchase/Sale		Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Amount (Note 2)	% (Note 1)	Payment Terms	Comparison with Normal Transactions	Ending Balance (Note 2)	% (Note 1)		
0	Dyaco International Inc.	Dyaco (Shanghai) Trading Co., Ltd. Shelton Corporation (Jiaxing), Ltd.	Sales Purchase	\$ 16,931 229,884	2 50	Flexible Flexible	Based on mutual agreement Based on mutual agreement	\$ 26,805 (512,277)	2 54	\$ - -	

Note 1: The rate is calculated in accordance with individual financial statements of each company.

Note 2: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars)

Year	No. (Note 1)	Company	Investee Company	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 4)
					Financial Statement Accounts	Amount (Note 5)	Payment Terms (Note 3)	
2023	0	Dyaco International Inc.	Spirit Direct, LLC.	a	Sales	\$ 4,472	-	-
					Other operating revenue	2,589	-	-
					Accounts receivable from related parties	27,972	-	-
			Fuel-Spirit International Inc.	a	Other receivables from related parties	48,990	-	-
					Accounts receivable from related parties	19,468	-	-
					Other receivables from related parties	2,170	-	-
			Dyaco Japan Co., Ltd.	a	Other payables to related parties	5,334	-	-
					Sales	11,133	-	1
					Sales	1,237	-	-
			Dyaco (Shanghai) Trading Co., Ltd.	a	Other operating revenue	3	-	-
					Accounts receivable from related parties	32,745	-	-
					Sales	16,860	-	1
			Spirit Manufacturing Inc.	a	Other operating revenue	71	-	-
					Accounts receivable from related parties	26,805	-	-
					Sales	139,281	-	8
			Dyaco Canada Inc.	a	Other operating revenue	2,634	-	-
					Sales discounts and allowances	1,067	-	-
					Accounts receivable from related parties	416,098	-	4
			Dyaco Europe GmbH	a	Other receivables from related parties	196,208	-	2
					Sales	30,145	-	2
					Other operating revenue	2,039	-	-
			Daan Health Management Consulting Co., Ltd.	a	Accounts receivable from related parties	51,654	-	-
					Sales	2,443	-	-
					Other operating revenue	750	-	-
			Wing Long Co., Ltd.	a	Accounts receivable from related parties	13,634	-	-
					Rental revenue	6	-	-
					Accounts receivable from related parties	504	-	-
Dyaco UK Ltd.	a	Other receivables from related parties	3,000	-	-			
		Other payables to related parties	1,097	-	-			
		Sales	361	-	-			
Shelton Corporation (Jiaying), Ltd.	a	Sales	19,260	-	1			
		Other operating revenue	284	-	-			
		Accounts receivable from related parties	77,928	-	1			
Shelton Corporation (Jiaying), Ltd.	a	Other receivables from related parties	58,065	-	1			
		Cost of goods sold	229,884	-	13			
		Sales	20	-	-			
		Accounts payable to related parties	512,277	-	5			
		Accounts receivable from related parties	85	-	-			
			Other receivables from related parties		17	-	-	

(Continued)

Year	No. (Note 1)	Company	Investee Company	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 4)
					Financial Statement Accounts	Amount (Note 5)	Payment Terms (Note 3)	
			CARDIO fitness GmbH&Co.KG	a	Accounts receivable from related parties	\$ 2,064	-	-
			SOLE INC.	a	Sales	2,002	-	-
			Fitness Equipment Services, LLC.	a	Other operating revenue	26	-	-
			President Plastic Products MFG Co., Ltd.	a	Other receivables from related parties	296	-	-
				a	Accounts receivable from related parties	938,872	-	8
				a	Other receivables from related parties	819,005	-	7
				a	Sales	327,381	-	19
				a	Refundable deposits	900	-	-
				a	Other payables to related parties	2,950	-	-
				a	Lease liabilities	3,947	-	-
				a	Right-of-use asset	3,741	-	-
				a	Interest expense	14	-	-
				a	Depreciation	129	-	-
			Cikayda Inc.	a	Other receivables from related parties	2,110	-	-
				a	Rental revenue	100	-	-
			CITY SPORTS (THAILAND) CO., LTD	a	Accounts receivable from related parties	5,086	-	-
				a	Other receivables from related parties	41,461	-	-
				a	Sales	2,786	-	-
			Sweatband.com Ltd	a	Accounts receivable from related parties	4,803	-	-
				a	Sales	2,613	-	-
				a	Other operating revenue	249	-	-
			Iuvo Industry Co., Ltd	a	Accounts receivable from related parties	61	-	-
				a	Sales	62	-	-
				a	Other receivables from related parties	23,000	-	1
	1	Spirit Direct, LLC.	Sweatband.com Ltd	c	Accounts payable to related parties	472	-	-
			Dyaco Canada Inc.	c	Sales	2,098	-	-
	2	Fuel-Spirit International Inc.	Spirit Manufacturing Inc.	c	Accounts receivable from related parties	105,600	-	1
			Shelton Corporation (Jiaxing), Ltd.	c	Cost of goods sold	30,274	-	2
				c	Accounts payable to related parties	36,187	-	-
			CITY SPORTS (THAILAND) CO., LTD	c	Accounts receivable from related parties	2,492	-	-
	3	Dyaco (Shanghai) Trading Co., Ltd.	Shelton Corporation (Jiaxing), Ltd.	c	Cost of goods sold	16,372	-	1
				c	Accounts payable to related parties	27,845	-	-
				c	Inventories	3,163	-	-
	4	Spirit Manufacturing Inc.	Fitness Equipment Services, LLC.	c	Sales	4,241	-	-
				c	Other operating revenue	131	-	-
			Dyaco Canada Inc.	c	Sales	2,098	-	-
				c	Accounts receivable from related parties	1,568	-	-
	5	Dyaco Europe GmbH	Sweatband.com Ltd	c	Accounts receivable from related parties	256	-	-
				c	Sales	2,059	-	-
			CARDIO fitness GmbH&Co.KG	c	Other operating revenue	3,133	-	-
				c	Accounts receivable from related parties	54,649	-	-
				c	Accounts payable to related parties	4,874	-	-
			Dyaco UK Ltd.	c	Sales	24	-	-

(Continued)

Year	No. (Note 1)	Company	Investee Company	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 4)
					Financial Statement Accounts	Amount (Note 5)	Payment Terms (Note 3)	
	6	Dyaco UK Ltd.	Sweatband.com Ltd	c	Accounts receivable from related parties	\$ 28,351	-	2
					Accounts payable to related parties	8,787	-	-
					Sales	16,637	-	1
					Other operating revenue	192	-	-
	7	Fitness Equipment Services, LLC	SOLE INC.	c	Other receivables from related parties	9,984	-	-
	8	Cikayda Inc.	Iuvo Industry Co., Ltd.	c	Other receivables from related parties	6,500	-	-
	9	Neutron Ventures Ltd	Interactive Online Commerce Ltd	c	Other payables to related parties	8,813	-	-
			Sweatband.com Ltd	c	Other receivables from related parties	172	-	-
	10	Interactive Online Commerce Ltd	Sweatband.com Ltd	c	Other payables to related parties	8,596	-	-
	11	Neutron Ventures Poland S.p Z.o.o	Sweatband.com Ltd	c	Other payables to related parties	827	-	-
					Other receivables from related parties	2,206	-	-

Note 1: Companies are numbered as follows:

- a. The parent is numbered as "0."
- b. Subsidiaries are numbered from "1" onward.

Note 2: The flow of transactions is as follows:

- a. From the parent to the subsidiary.
- b. From the subsidiary to the parent.
- c. From the subsidiary to the subsidiary.

Note 3: The prices and payment terms for related-party transactions were based on agreements.

Note 4: If the transaction amounts are related to the balance sheet accounts, the percentages are those of the year-end balances to the consolidated total assets. If the transaction amounts are related to the income statement accounts, the percentages are the total amounts of the year to the consolidated total sales.

Note 5: Eliminated from the consolidated financial statements.

(Concluded)

TABLE 10**DYACO INTERNATIONAL INC.****INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Guang-Ying Limited	10,346,727	6.48
Dyaco International Inc.	8,963,000	5.61
Chuan-Feng Investment Corporation	8,757,882	5.48
Ho, I-Hsing Investment Corporation	8,105,048	5.07

Note: The table discloses stockholding information of stockholders whose percentages are more than 5%. The Taiwan Depository & Clearing Corporation calculates the total number of ordinary shares that have completed the dematerialized registration and delivery on the last business day of the quarter. The stocks reported in the financial statements and the actual number of stocks that have completed the dematerialized registration and delivery may be different due to the basis of calculation.