

**DYACO INTERNATIONAL INC. AND
SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditor's Review Report
For the Six Months Ended June 30, 2024 and 2023**

**Address: 12th Floor, No. 111, Songjiang Road, Zhongshan District, Taipei
City, Taiwan**

Tel.: (02)25152288

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

Table of Contents

Content	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3-4
4. Consolidated Balance Sheets	5
5. Consolidated Statements of Comprehensive Income	6
6. Consolidated Statements of Changes in Equity	7
7. Consolidated Statements of Cash Flows	8-9
8. Notes to Consolidated Financial Statements	
(1) Company History	10
(2) Approval Date and Procedures of the Consolidated Financial Statements	10
(3) New Standards, Amendments and Interpretations adopted	10-12
(4) Summary of Material Accounting Policies	12-15
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	16
(6) Explanation to Significant Accounts	16-59
(7) Related-Party Transactions	60-61
(8) Pledged Assets	61
(9) Commitments and contingencies	62
(10) Losses Due to Major Disasters	62
(11) Subsequent Events	62
(12) Other	62-63
(13) Other Disclosures	
(a) Information on significant transactions	63-73
(b) Information on investees	74-75
(c) Information on investment in Mainland China	75-76
(d) Major shareholders	76
(14) Segment Information	77-78

Independent Auditors' Review Report

To the Board of Directors of 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 June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2024 and 2023, as well as changes in equity and cash flows for the six months ended June 30, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 (“IASs”) 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 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. 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 conducted in accordance with the Standards on Auditing of the Republic of China 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 of June 30, 2024 and 2023, and of its consolidated financial performance for the three months and six months ended June 30, 2024 and 2023, and its consolidated cash flows for the six months ended June 30, 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.

Other matters

The consolidated financial statements of Dyaco International Inc and its subsidiaries for the second quarter of 2023 were reviewed by another CPA firm, which issued a review report with a unqualified opinion on August 8, 2023.

The engagement partners on the reviews resulting in this independent auditors' review report are Chen, Chung-Che and Tsou, Yi-Yun.

KPMG

Taipei, Taiwan (Republic of China)

August 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.

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

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

Dyaco International Inc. and subsidiaries

Consolidated Balance Sheets

June 30, 2024, December 31, and 30 June, 2023

(Expressed in Thousands of New Taiwan Dollars)

ASSETS		June 30, 2024		December 31, 2023		June 30, 2023		LIABILITIES AND EQUITY		June 30, 2024		December 31, 2023		June 30, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
CURRENT ASSETS:								CURRENT LIABILITIES:							
1100	Cash and cash equivalent (Note 6(a))	\$ 1,038,127	10	1,158,512	10	1,851,873	15	2100	Short-term borrowings (Notes 6(o) and 8)	\$ 1,907,270	17	2,118,015	19	1,891,633	15
1110	Financial assets at fair value through profit or loss (Note 6(b))	42,222	-	16,555	-	19,066	-	2120	Financial liabilities at fair value through profit or loss (Note 6(b))	88	-	-	-	-	-
1136	Financial assets at amortized cost (Note 6(d))	18,957	-	83,095	1	210,629	2	2130	Contract liabilities (Note 6(y))	151,723	1	145,721	1	170,960	1
1150	Notes receivable (Note 6(e) and (y))	2,970	-	984	-	992	-	2150	Notes payable	40,676	-	43,705	1	49,306	1
1170	Accounts receivable (Notes 6(e) and (y))	792,085	7	1,071,044	9	955,276	8	2170	Accounts payable	855,566	8	941,012	8	994,122	8
1200	Other receivables (Note 6(f))	49,337	-	15,099	-	13,975	-	2200	Other payables (Note 6(q))	547,283	5	457,690	4	1,481,990	12
1220	Current tax assets	82,485	1	93,998	1	71,284	-	2220	Other payables to related parties (Note 7)	5,192	-	8,598	-	21,272	-
130X	Inventories (Note 6(g))	2,496,071	23	2,474,495	22	2,725,752	22	2230	Current income tax liabilities	6,198	-	7,066	-	44,673	-
1410	Prepayments	250,277	2	187,734	2	218,050	2	2250	Provisions	13,994	-	12,044	-	14,521	-
1470	Other current assets (Note 8)	36,439	-	12,395	-	14,204	-	2280	Lease liabilities (Note 6(r))	17,530	-	11,613	-	15,408	-
		<u>4,808,970</u>	<u>43</u>	<u>5,113,911</u>	<u>45</u>	<u>6,081,101</u>	<u>49</u>	2321	Current portion of bonds payable (Notes 6(q) and 8)	-	-	1,200	-	424,743	4
								2322	Current portion of long-term borrowings (Notes 6(p) and 8)	277,824	4	296,527	3	209,238	2
								2399	Other current liabilities	26,296	-	38,492	-	27,761	-
										<u>3,849,640</u>	<u>35</u>	<u>4,081,683</u>	<u>36</u>	<u>5,345,627</u>	<u>43</u>
NON-CURRENT ASSETS:								NON-CURRENT LIABILITIES:							
1510	Financial assets at fair value through profit or loss (Note 6(b))	-	-	118,124	1	155,700	1	2540	Long-term borrowings (Notes 6(p) and 8)	1,882,878	17	1,918,802	17	1,646,796	13
1517	Financial assets at fair value through other comprehensive income (Note 6(c))	55,210	-	50,970	1	65,587	1	2570	Deferred tax liabilities	430,730	4	423,526	4	443,240	4
1535	Financial assets at amortized cost (Note 6(d))	30,828	-	6,141	-	14,013	-	2580	Lease liabilities (Note 6(r))	43,629	-	13,926	-	20,896	-
1550	Investments accounted for using equity method (Note 6(h))	6,269	-	6,368	-	6,490	-	2610	Long-term payable	59,283	1	58,829	1	83,735	1
1600	Property, plant and equipment (Notes 6(k) and 8)	3,944,533	36	3,755,859	33	3,744,548	30	2622	Other payables to related parties (Note 7)	5,192	-	7,369	-	9,965	-
1755	Right-of-use assets (Notes 6(l) and 8)	323,889	3	286,306	3	298,338	3	2640	Net defined benefit liabilities	12,072	-	11,647	-	16,712	-
1760	Investment properties (Notes 6(m) and 8)	21,430	-	25,258	-	25,409	-	2645	Guarantee deposits received	1,599	-	1,715	-	1,690	-
1821	Intangible assets (Notes 6(n))	1,345,171	12	1,315,161	12	1,359,239	12			<u>2,435,383</u>	<u>22</u>	<u>2,435,814</u>	<u>22</u>	<u>2,223,034</u>	<u>18</u>
1840	Deferred income tax assets	504,393	6	493,769	4	539,447	4			<u>6,285,023</u>	<u>57</u>	<u>6,517,497</u>	<u>58</u>	<u>7,568,661</u>	<u>61</u>
1915	Prepayments for equipment	2,828	-	3,679	-	4,055	-	Total liabilities							
1920	Refundable deposits	37,354	-	78,064	1	27,837	-	EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (NOTE 6(v)):							
1990	Other non-current assets (Note 8)	6,359	-	35,564	-	7,251	-	3110	Ordinary shares	1,596,097	14	1,596,097	14	1,596,097	13
		<u>6,278,264</u>	<u>57</u>	<u>6,175,263</u>	<u>55</u>	<u>6,247,914</u>	<u>51</u>	3150	Stock dividend to be distributed	75,323	1	-	-	-	-
								3200	Capital surplus	2,682,875	24	2,756,721	25	2,758,037	23
								3300	Retained earnings	482,198	4	555,650	5	525,038	4
								3400	Other equity interests	(15,106)	-	(125,684)	(1)	(106,263)	(1)
								3500	Treasury shares	(408,690)	(3)	(408,690)	(4)	(408,690)	(3)
									Total equity attributable to owners of parent	4,412,697	40	4,374,094	39	4,364,219	36
								36XX	Non-controlling interests (Note 6(j))	389,514	3	397,583	3	396,135	3
									Total equity	4,802,211	43	4,771,677	42	4,760,354	39
TOTAL		<u>\$ 11,087,234</u>	<u>100</u>	<u>11,289,174</u>	<u>100</u>	<u>12,329,015</u>	<u>100</u>	TOTAL		<u>\$ 11,087,234</u>	<u>100</u>	<u>11,289,174</u>	<u>100</u>	<u>12,329,015</u>	<u>100</u>

Seeing accompanying notes to financial statements

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

Dyaco International Inc. and subsidiaries

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	For the three months ended June 30				For the six months ended June 30				
	2024		2023		2024		2023		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	NET SALES REVENUE (Notes 6(y) and 7)								
5000	OPERATING COST (Notes 6(g) and 7)								
5950	GROSS PROFIT								
	OPERATING EXPENSES (Note 7):								
6100	Selling expense	325,643	22	440,894	29	742,156	23	1,032,451	27
6200	Administrative expense	234,586	15	209,166	14	448,083	14	396,687	11
6300	Research and development expense	29,675	2	33,197	2	58,238	2	59,490	2
6450	Expected credit (gain) loss (Note 6(e) and (ab))	(28,833)	(2)	11,050	1	(19,445)	(1)	(30,717)	(1)
	Total operating expenses	561,071	37	694,307	46	1,229,032	38	1,457,911	39
	NET OPERATING LOSS	(47,194)	(3)	(182,379)	(12)	(130,264)	(5)	(221,269)	(6)
	NON-OPERATING INCOME AND EXPENSES (Note 6(aa)):								
7100	Interest income	1,173	-	3,907	-	4,340	-	6,500	-
7010	Other income (Note 7)	19,426	1	12,026	1	30,906	1	18,793	1
7020	Other gain and loss	(85,053)	(5)	103,490	7	32,409	1	81,321	2
7050	Finance costs (Notes 6(q) and (r))	(24,099)	(2)	(26,400)	(2)	(46,584)	(1)	(52,712)	(1)
7370	Share of profit (loss) of associates and joint ventures accounted for using equity method	(87)	-	(89)	-	(170)	-	(183)	-
		(88,640)	(6)	92,934	6	20,901	1	53,719	2
	LOSS BEFORE INCOME TAX	(135,834)	(9)	(89,445)	(6)	(109,363)	(4)	(167,550)	(4)
7950	Add: INCOME TAX BENEFIT (Note 6(u))	21,143	1	37,953	2	22,520	1	36,057	1
	NET LOSS	(114,691)	(8)	(51,492)	(4)	(86,843)	(3)	(131,493)	(3)
8300	OTHER COMPREHENSIVE INCOME (LOSS):								
8310	Items that will not be reclassified subsequently to profit or loss:								
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	2,410	-	-	-	4,145	-	-	-
	Total Items that will not be reclassified subsequently to profit or loss	2,410	-	-	-	4,145	-	-	-
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translating foreign operations	35,284	2	9,208	1	115,276	4	6,988	-
	Total items that may be reclassified subsequently to profit or loss	35,284	2	9,208	1	115,276	4	6,988	-
8300	OTHER COMPREHENSIVE INCOME (LOSS) (NET OF TAX)	37,694	2	9,208	1	119,421	4	6,988	-
	TOTAL COMPREHENSIVE INCOME (LOSS) NET PROFIT (LOSS) ATTRIBUTABLE TO:	\$ (76,997)	(6)	(42,284)	(3)	32,578	1	(124,505)	(3)
8610	Owners of the Corporation	(106,168)	(7)	(37,098)	(3)	(73,452)	(3)	(149,658)	(3)
8620	Non-controlling interests	(8,523)	(1)	(14,394)	(1)	(13,391)	-	18,165	-
		(114,691)	(8)	(51,492)	(4)	(86,843)	(3)	(131,493)	(3)
	TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
8710	Owners of the Corporation	(74,661)	(6)	(11,417)	(1)	37,126	1	(129,744)	(3)
8720	Non-controlling interests	(2,336)	-	(30,867)	(2)	(4,548)	-	5,239	-
		(76,997)	(6)	(42,284)	(3)	32,578	1	(124,505)	(3)
	LOSS PER SHARE (Note 6(x))								
9750	Basic Loss Per Share (New Taiwan Dollar)	(0.70)		(0.29)		(0.49)		(1.18)	
9850	Diluted Loss Per Share (New Taiwan Dollar)	(0.81)		(0.29)		(0.60)		(1.18)	

Seeing accompanying notes to financial statements

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

Dyaco International Inc. and subsidiaries

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

Equity Attributable to Owners of the Corporation

	Share Capital		Retained Earnings				Other Equity Interests		Treasury Shares	Total other equity interests	Non-controlling Interests	Total equity	
	Ordinary share	Stock dividend to be distributed	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total retained earnings	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	737,509	(118,910)	(7,267)	(426,290)	3,669,108	394,852	4,063,960
Net loss	-	-	-	-	-	(149,658)	(149,658)	-	-	-	(149,658)	18,165	(131,493)
Other comprehensive income (loss)	-	-	-	-	-	-	-	19,914	-	-	19,914	(12,926)	6,988
Total comprehensive income (loss)	-	-	-	-	-	(149,658)	(149,658)	19,914	-	-	(129,744)	5,239	(124,505)
Appropriation and distribution of retained earnings:													
Cash dividends	-	-	-	-	-	(62,813)	(62,813)	-	-	-	(62,813)	-	(62,813)
Reversal of special reserve	-	-	-	-	(111,910)	111,910	-	-	-	-	-	-	-
Issuance of new ordinary shares for cash	250,000	-	575,000	-	-	-	-	-	-	-	825,000	-	825,000
Treasury shares transferred to employees	-	-	(2,973)	-	-	-	-	-	-	17,600	14,627	-	14,627
Changes in percentage of ownership interests in subsidiaries	-	-	4,320	-	-	-	-	-	-	-	4,320	(4,320)	-
Issuance of ordinary shares under employee share options	4,950	-	38,771	-	-	-	-	-	-	-	43,721	364	44,085
BALANCE AT JUNE 30, 2023	\$ 1,596,097	-	2,758,037	329,002	126,177	69,859	525,038	(98,996)	(7,267)	(408,690)	4,364,219	396,135	4,760,354
BALANCE AT JANUARY 1, 2024	\$ 1,596,097	-	2,756,721	329,002	126,177	100,471	555,650	(103,756)	(21,928)	(408,690)	4,374,094	397,583	4,771,677
Net loss	-	-	-	-	-	(73,452)	(73,452)	-	-	-	(73,452)	(13,391)	(86,843)
Other comprehensive income (loss)	-	-	-	-	-	-	-	106,433	4,145	-	110,578	8,843	119,421
Total comprehensive income (loss)	-	-	-	-	-	(73,452)	(73,452)	106,433	4,145	-	37,126	(4,548)	32,578
Appropriation and distribution of earnings:													
Reversal of special reserve	-	-	-	-	(492)	492	-	-	-	-	-	-	-
Stock dividends from capital surplus	-	75,323	(75,323)	-	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares under employee share options	-	-	1,363	-	-	-	-	-	-	-	1,363	17	1,380
Changes in non-controlling interests	-	-	114	-	-	-	-	-	-	-	114	(3,538)	(3,424)
BALANCE AT JUNE 30, 2024	\$ 1,596,097	75,323	2,682,875	329,002	125,685	27,511	482,198	2,677	(17,783)	(408,690)	4,412,697	389,514	4,802,211

Seeing accompanying notes to financial statements

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Dyaco International Inc. and subsidiaries
Consolidated Statements of Cash Flows
For the six months ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2024	2023
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit (loss) before income tax	\$ (109,363)	(167,550)
Adjustments :		
Adjustments to reconcile profit (loss) :		
Depreciation expense	89,627	91,512
Amortization expense	41,186	40,944
Expected credit loss (gain) recognized	(19,445)	(30,717)
Net losses (gain) on financial assets or liabilities at fair value through profit or loss	116,545	(6,257)
Interest expense	46,584	52,712
Interest income	(4,340)	(6,500)
Share-based payments	1,380	26,809
Share of loss of associates and joint venture accounted for using the equity method	170	183
Loss on disposal of property, plant and equipment	638	186
Loss on inventories valuation and obsolescence	42,947	63,202
Unrealized loss (gain) on foreign currency exchange	(151,956)	(69,869)
Gain on redemption of bonds payable	-	(270)
Gain on lease modification	(104)	-
Total adjustments to reconcile profit (loss)	163,232	161,935
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
Increase in notes receivable	(1,999)	(52)
Decrease in accounts receivable	343,985	184,637
Increase (decrease) in other receivables	(34,012)	76,110
Decrease in inventories	43,152	245,598
Increase in prepayments	(64,609)	(3,150)
Increase in other current assets	(8,729)	(7,603)
Total changes in operating assets, net	277,788	495,540
Changes in operating liabilities, net:		
Increase (decrease) in contract liabilities	6,002	(6,607)
Increase (decrease) in notes payable	(3,028)	3,189
Decrease in accounts payable	(118,955)	(29,011)
Increase (decrease) in others accounts payable	109,932	(47,040)
Increase in other payables to related parties	-	8,816
Increase in provisions	1,521	282
Decrease in other current liabilities	(12,195)	(13,228)
Increase in net defined benefit liabilities	424	245
Total changes in operating liabilities, net	(16,299)	(83,354)
Total change in operating assets and liabilities	261,489	412,186
Total adjustments	424,721	574,121
Cash inflow generated from operations	315,358	406,571
Interest received	4,340	6,500
Interest paid	(46,848)	(69,005)
Income tax refunded (paid)	15,439	(29,705)
Net cash generated from operating activities	288,289	314,361

(Continued)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Dyaco International Inc. and subsidiaries
Consolidated Statements of Cash Flows (Continued)
For the six months ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(23,732)	-
Proceeds from disposal of financial assets at amortized cost	51,146	46,646
Acquisition of financial assets at fair value through profit or loss	(24,000)	(17,400)
Acquisition of property, plant and equipment	(217,393)	(127,835)
Proceeds from disposal of property, plant and equipment	-	59
Decrease in refundable deposits	43,909	12,492
Acquisition of intangible assets	(15,303)	(15,920)
Decrease in other non-current assets	29,205	2,991
Net cash used in investing activities	(156,168)	(98,967)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	3,183,446	-
Decrease in short-term borrowings	(3,396,408)	(494,494)
Proceeds from long-term borrowings	92,801	272,276
Repayments of long-term borrowings	(155,899)	(121,122)
Decrease in guarantee deposits received	(167)	(1,443)
Payments of lease liabilities	(6,654)	(13,008)
Issuance of new ordinary shares for cash	-	825,000
Exercise of employee stock options	-	17,276
Proceeds from treasury shares transferred to employees	-	14,627
Changes in non-controlling interests	(3,424)	-
Net cash used in financing activities	(286,305)	499,112
Effects of exchange rate changes on the balance of cash held in foreign currencies	33,799	16,586
Increase (decrease) in current cash and cash equivalents	(120,385)	731,092
Cash and cash equivalents at beginning of period	1,158,512	1,120,781
Cash and cash equivalents at end of period	\$ 1,038,127	1,851,873

Seeing accompanying notes to financial statements

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

Dyaco International Inc. and subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

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

(1) Company History

Dyaco International Inc. (hereinafter referred to as the “Corporation”) was established on June 2, 1990 under the approval of the Ministry of Economic Affairs, ROC, with the registered address at 12th Floor, No. 111, Songjiang Road, Zhongshan District, Taipei City. The Corporation and its subsidiaries (hereinafter collectively referred to as the “Group”) mainly manufactures, imports, exports and sells sports equipment and outdoor furniture. Please refer to Note 14.

The Corporation’s shares have been listed on the Taiwan Stock Exchange since September 20, 2016.

(2) Approval Date and Procedures of the Consolidated Financial Statements

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

(3) New Standards, Amendments and Interpretations adopted

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

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

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

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

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

- Amendments to IAS 21 “Lack of Exchangeability”

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

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

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective Date per IASB
IFRS 18 “Presentation and Disclosures in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRSs Accounting Standards

(4) Summary of Material Accounting Policies

(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 (hereinafter referred to as the "Regulations") and the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS Accounting Standards endorsed by the FSC) for full annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			June 30, 2024	December 31, 2023	June 30, 2023	
The Corporation	Dyaco International Holding Limited	Investment	100.00%	100.00%	100.00%	
The Corporation	Dyaco Europe GmbH	Import, export and selling	100.00%	100.00%	100.00%	Note 1
The Corporation	Daan Health Management Consulting Co., Ltd	Rental of medical equipment	100.00%	100.00%	100.00%	
The Corporation	Dyaco Japan Co., Ltd.	Import, export and selling	100.00%	100.00%	100.00%	
The Corporation	Wing Long Co., Ltd.	Import, export and selling	100.00%	100.00%	100.00%	
The Corporation	Dyaco UK Ltd.	Import, export and selling	99.11%	96.50%	100.00%	Note 3
The Corporation	SOLE INC.	Investment	100.00%	100.00%	100.00%	
The Corporation	President Plastic Products MFG. Co., Ltd.	Manufacturing and selling	100.00%	100.00%	100.00%	
The Corporation	Cikayda Inc	Manufacturing and selling	100.00%	100.00%	100.00%	
The Corporation	CITY SPORTS (THAILAND) CO., LTD	Fitness equipment selling	44.00%	44.00%	44.00%	Note 6
The Corporation	Neutron Ventures Ltd	Sporting goods online selling	- %	- %	95.00%	Note 2
The Corporation	Spirit Manufacturing Inc.	Import, export and selling	100.00%	100.00%	100.00%	
The Corporation	Dyaco Canada Inc.	Import, export and selling	100.00%	100.00%	100.00%	
The Corporation	IUVO Industry Co., Ltd.	Electric-assisted bicycle manufacturer	91.50%	91.50%	90.00%	Note 5
SOLE INC.	Fitness Equipment Services, LLC.	Import, export and selling	100.00%	100.00%	100.00%	
Spirit Manufacturing Inc.	Spirit Direct, LLC.	Import, export and selling	100.00%	100.00%	100.00%	
Dyaco Europe GmbH	CARDIO fitness GmbH & Co KG	Import, export and selling	100.00%	100.00%	100.00%	
Dyaco Europe GmbH	CARDIO fitness Verwaltungs GmbH	Investment	100.00%	100.00%	100.00%	

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			June 30, 2024	December 31, 2023	June 30, 2023	
Dyaco UK Ltd.	Neutron Ventures Ltd	Sporting goods online selling	100.00%	100.00%	- %	Note 3
Neutron Ventrues Ltd	Interactive Online Commerce Ltd	Investment	100.00%	100.00%	100.00%	
Neutron Ventrues Ltd	Neutron Ventures Poland S.p z.o.o	Service industry	100.00%	100.00%	100.00%	
Interactive Online Commerce Ltd	Sweatband.com Ltd	Sporting goods selling	100.00%	100.00%	100.00%	
Dyaco International Holding Limited	FuelSpirit International Inc.	Import, export and selling	100.00%	100.00%	100.00%	
Dyaco International Holding Limited	Shelton Corporation (Jiaxing), Ltd.	Manufacturing and selling	60.00%	60.00%	60.00%	
Dyaco International Holding Limited	Dyaco (Shanghai) Trading Co., Ltd.	Import, export and selling	100.00%	100.00%	100.00%	
Dyaco (Shanghai) Trading Co., Ltd.	Dyaco Health Technology (Beijing) Co., Ltd.	Health management consultation	- %	- %	100.00%	Note 4

Note 1: In March 2023, the Group acquired interest of subsidiary, Dyaco Europe GmbH for \$61,332 thousand.

Note 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%. After the Corporation went through a share exchange reorganization on July 1, 2023, Neutron Ventures Ltd. are directly 100% held by Dyaco UK Ltd.

Note 3: Dyaco UK Ltd. issued additional new shares for \$121,145 thousand in July 2023, with parent company and Neutron Ventures Ltd.'s non-controlling interests exchange for 100% equity of Neutron Ventures Ltd. The Group held the Dyaco UK Ltd. shareholding ratio decreased from 100% to 96.5%. In January 2024, the Group acquired the equity of Dyaco UK Ltd. from non-controlling equity interest. Thus, the shareholding ratio increased from 96.5% to 99.11%.

Note 4: Dyaco Health Technology (Beijing) Co., Ltd. as been completed the liquidation and was eliminated in July 2023.

Note 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 91.5%.

Note 6: As the Group obtained two out of three seats in the board of CITY SPORTS (THAILAND) CO., the Group has control over the decision making of the relevant activities of the company; therefore, it is listed as a subsidiary.

(ii). Subsidiaries excluded from the consolidated financial statements: None.

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

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

The Group classifies the assets that meets one of the following conditions as current assets, and all other assets that do not belong to current assets are classified as non-current:

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(d) Income tax expense

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(e) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, and should make adjustments to material volatility of the market, material reimbursement and settlement, and other material one-time events.

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

The information of the accounting policies which involve significant judgments and have a significant impact on the amounts listed in the Consolidated Financial Statements is as follows:

(a) Judgments on whether the subsidiary is under substantive control

The Group holds 44% of ownership in CITY SPORTS (THAILAND) Co., LTD. As the Group has obtained more than half of its board seats, we have the substantial ability to lead relevant activities, thus it is considered a subsidiary.

(6) Explanation to Significant Accounts

Except for the following disclosures, there is no significant differences as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2023. Please refer to Note (6) to (35) and Note (40) of the 2023 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash on hand	\$ 13,034	15,240	9,247
Checking accounts and demand deposits	991,020	1,112,567	1,842,626
Time deposits	34,073	30,705	-
	<u>\$ 1,038,127</u>	<u>1,158,512</u>	<u>1,851,873</u>

Please refer to Note 6(ab) for the disclosure of the interest rate risk and sensitivity analysis of the Group’s financial assets and liabilities.

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

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

	June 30, 2024	December 31, 2023	June 30, 2023
Financial assets held for trading:			
Non-derivative financial assets - current			
Limited Partnership - Changneng Capital Limited Partnership	\$ 42,222	16,555	19,066
Financial assets mandatorily classified as at FVTPL:			
Non-derivative financial assets - non-current			
Convertible promissory notes	\$ -	118,124	155,700
Financial liabilities held for trading:			
Derivative financial liabilities - current			
Foreign exchange forward contracts	\$ 88	-	-

(i) For the amount recognized at fair value through profit or loss, please refer to Notes 6(h) and (y).

(ii) For the market risk information, please refer to Note 6(ab).

(iii) The financial assets above have not been provided as collateral.

(iv) Derivative financial instruments in liabilities due to foreign exchange forward contracts not under hedge accounting are as follows:

	June 30, 2024		
	Notional Amount	Currency	Maturity Date
Foreign exchange forward contracts	NT16,018 thousand /USD 500 thousand	NTD/USD	September 27, 2024

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(c) Financial assets at fair value through other comprehensive income - non-current

	June 30, 2024	December 31, 2023	June 30, 2023
Equity Instruments at FVTOCI:			
Stocks listed on domestic markets	\$ 11,378	8,966	11,759
Stocks unlisted on domestic markets	8,599	6,865	9,915
Stocks unlisted on foreign markets	35,233	35,139	43,913
	<u>\$ 55,210</u>	<u>50,970</u>	<u>65,587</u>

(i) The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes.

(ii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of June 30, 2024 and 2023.

(iii) For the credit risk and market risk information, please refer to Note 6(ab).

(iv) The financial assets above have not been provided as collateral.

(d) Financial assets at amortized cost

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Time deposits with a maturity date exceeding 3 months	\$ 10,845	23,390	157,924
Bank debenture	8,112	30,705	23,355
Redeemable GICs	-	29,000	29,350
	<u>\$ 18,957</u>	<u>83,095</u>	<u>210,629</u>
<u>Non-current</u>			
Bank debenture	<u>\$ 30,828</u>	<u>6,141</u>	<u>14,013</u>

(i) The Group evaluates holding such assets until maturity date to collect contractual cash flows, and the cash flows of such financial assets are solely for the payment of principal and interest on the outstanding principal amount, thus classified as financial assets at amortized cost.

(ii) For the credit risk information, please refer to Note 6(ab).

(iii) For the information on the financial assets pledged at amortized cost mentioned above, please refer to Note 8.

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(e) Notes receivable and accounts receivable (including related parties)

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable	\$ 2,970	984	992
Accounts receivable (including related parties)	905,640	1,201,732	1,062,128
Less: Allowance for impairment loss	(113,555)	(130,688)	(106,852)
	<u>\$ 795,055</u>	<u>1,072,028</u>	<u>956,268</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision was determined as follows:

	June 30, 2024		
	Gross Carrying Amount	Weighted Average Loss Rate	Loss Allowance Provision
Not Past Due	\$ 677,007	0%~5.72%	3,085
Less than 60 days	103,168	0%~41.45%	7,437
61 to 120 days	20,217	0%~64.64%	4,255
121 to 180 days	25,971	0%~73.45%	17,688
181 to 365 days	4,704	0%~100%	3,566
Over 366 Days and Individually Recognized	<u>77,543</u>	100%	<u>77,524</u>
	<u>\$ 908,610</u>		<u>113,555</u>

	December 31, 2023		
	Gross Carrying Amount	Weighted Average Loss Rate	Loss Allowance Provision
Not Past Due	\$ 937,354	0%~5.72%	6,107
Less than 60 days	136,424	0%~60.57%	8,211
61 to 120 days	15,441	0%~83.82%	9,070
121 to 180 days	26,155	0%~91.89%	21,068
181 to 365 days	13,516	0%~100%	12,406
Over 366 Days and Individually Recognized	<u>73,826</u>	100.00%	<u>73,826</u>
	<u>\$ 1,202,716</u>		<u>130,688</u>

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

	June 30, 2023		
	Gross Carrying Amount	Weighted Average Loss Rate	Loss Allowance Provision
Not Past Due	\$ 792,530	0%~5.65%	2,787
Less than 60 days	150,902	0%~27.21%	15,127
61 to 120 days	14,490	0%~37.75%	3,822
121 to 180 days	5,335	12.03%~51.13%	2,507
181 to 365 days	40,296	5.00%~100%	23,042
Over 366 Days and Individually Recognized	\$ 1,063,120	100.00%	106,852

The movement in the allowance for notes and account receivables were as follows:

	For the six months ended June 30,	
	2024	2023
Beginning balance	\$ 130,688	238,231
Recognition of impairment loss	1,846	8,861
Reversal of impairment loss	(21,291)	(39,578)
Amounts written off	(2,195)	(99,970)
Foreign exchange gains and losses	4,507	(692)
Ending balance	\$ 113,555	106,852

For the credit risk information, please refer to Note 6(ab).

(f) Other receivables (including related parties)

	December 31,		
	June 30, 2024	2023	June 30, 2023
Other receivables (including related parties)	\$ 49,337	15,099	13,975

For the credit risk information, please refer to Note 6 (ab).

(g) Inventories

	December 31,		
	June 30, 2024	2023	June 30, 2023
Raw materials	\$ 286,845	126,720	135,977
Work in progress	80,609	175,929	155,322
Finished goods	2,094,128	1,896,332	2,133,213
Merchandise	34,489	275,514	301,240
	\$ 2,496,071	2,474,495	2,725,752

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(i) The information of the cost of goods sold is as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30	
	2024	2023	2024	2023
Transfer of				
inventories sold	\$ 940,467	925,018	2,085,949	2,404,195
Inventory write-				
downs	23,204	42,546	42,947	63,202
Warranties	21,739	20,245	35,659	41,259
	<u>\$ 985,410</u>	<u>987,809</u>	<u>2,164,555</u>	<u>2,508,656</u>

(ii) The Group's inventories have not been pledged as collateral.

(h) Investments accounted for using the equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
	Associates	<u>\$ 6,269</u>	<u>6,368</u>

(i) The financial information of individually non-significant associates using equity method included in the consolidated financial statements were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
	The carrying amount of		
individually non-significant			
associates' equity			
Hongdaxin Projection Co., Ltd.	\$ 3,626	3,714	3,788
Kerr (Shanghai) Rehabilitation			
Technology Development Co.,			
Ltd.	2,643	2,654	2,702
Morsel, Inc.	-	-	-
	<u>\$ 6,269</u>	<u>6,368</u>	<u>6,490</u>

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Attributable to the Group:				
Loss from continuing operations	\$ (87)	(89)	(170)	(183)
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss)	<u>\$ (87)</u>	<u>(89)</u>	<u>(170)</u>	<u>(183)</u>

(ii) The Group approved at the board meeting on August 11, 2021 to invest a total of US\$6,000 thousand in the smart fitness content producer Morsel, Inc., of which US\$1,000 thousand (approximately NT\$27,750 thousand) was used to acquire the company's ordinary shares, accounting for 11% of the company's shareholdings. According to the investment agreement, the Group has the right to appoint one of the three board seats, thereby having a significant influence on the company. Additionally, 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 \$118,124 thousand and \$8,629 thousand, respectively, for the periods from January 1 to June 30 in 2023 and 2024. Please refer to Notes 6(b) and (aa).

The Group adopts the equity method to recognize the investment in the associate company Morsel, Inc. Due to mediocre sales performance in the market, the future operating cash inflows are expected to decrease, resulting in the recoverable amount based on value-in-use calculations being less than the carrying amount of the investments in the associate company. After evaluation, the Group recognized the investment in Morsel, Inc. as impairment loss to the carrying amount of NT\$0 thousand in 2022.

(iii) As of June 30, 2024, June 30 and December 31, 2023, the investments accounted for using the equity method were not provided as collateral.

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(i) Acquisition of non-controlling interests

The Group purchased a total of 85 thousand shares of Dyaco UK Ltd in cash NT\$3,424 thousand in January, 2024, increasing the shareholding ratio from 96.5% to 99.11%.

The impact of changes in the Corporation's ownership of Dyaco UK Ltd on the interests of owners of parent company is as follows:

	For the six months ended June 30, 2024
The book value of non-controlling interest acquired	\$ 3,538
Value of consideration transferred to non-controlling interest	(3,424)
Difference between the actual price and book value of subsidiary equity acquisition	\$ 114

(j) Subsidiaries that have material non-controlling interests

The non-controlling interests of the subsidiary that is significant to the Group is as follows:

Name of Subsidiary	Principal Place of Business/ Company Registration Country	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		June 30, 2024	December 31, 2023	June 30, 2023
Shelton Corporation (Jiaxing), Ltd.	China	40%	40%	40%

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in the information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intergroup transactions were not eliminated in this information:

(i) Summarized consolidated financial information of Shelton Corporation (Jiaxing), Ltd:

	June 30, 2024	December 31, 2023	June 30, 2023
Current assets	\$ 1,105,914	1,106,893	1,237,600
Non-current assets	243,930	796,964	818,072
Current liabilities	(594,714)	(650,392)	(815,364)
Non-current liabilities	(1,004)	(125,799)	(126,720)
Net assets	\$ 754,126	1,127,666	1,113,588
Carrying amount of non-controlling interests at the end of the period	\$ 391,764	389,311	382,973

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Operating revenue	<u>\$ 300,174</u>	<u>462,310</u>	<u>716,151</u>	<u>1,215,783</u>
Net income (loss)	\$ (15,137)	(23,171)	(15,462)	69,472
Other comprehensive income	6,772	(41,912)	21,592	(34,182)
Total comprehensive income (loss)	<u>\$ (8,365)</u>	<u>(65,083)</u>	<u>6,130</u>	<u>35,290</u>
Net Profit (loss) attributable to non-controlling interests	<u>\$ (6,055)</u>	<u>(9,268)</u>	<u>(6,185)</u>	<u>27,789</u>
Comprehensive income (loss) attributable to non-controlling interests	<u>\$ 2,709</u>	<u>(26,033)</u>	<u>8,637</u>	<u>14,116</u>

	For the six months ended June 30,	
	2024	2023
Net cash flow used in operating activities	\$ (74,836)	76,189
Net cash flow used in investing activities	(865)	(6,080)
Net Cash flow (used in) from financing activities	(18,755)	(32,279)
(Decrease) increase in cash and cash equivalents	<u>\$ (94,456)</u>	<u>37,830</u>

(k) Property, plant and equipment

The movements in property, plant and equipment were as follows:

	Land	Buildings	Machinery Equipment	Transport Equipment	Office Equipment	Leasehold Improvements	Property under Construction	Total
Cost or recognized 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	-	112,471	11,359	1,567	4,332	1,784	85,880	217,393
Reclassification	-	308,455	-	-	-	-	(301,439)	7,016
Disposals	-	-	(2,477)	(1,148)	(1,922)	-	-	(5,547)
Effects of foreign currency exchange differences	1,236	55,408	10,784	632	1,653	399	-	70,112
Balance at June 30, 2024	<u>\$ 1,660,484</u>	<u>2,691,016</u>	<u>713,856</u>	<u>47,463</u>	<u>87,825</u>	<u>28,670</u>	<u>246,783</u>	<u>5,476,097</u>
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	-	80	43,054	595	2,671	439	85,109	131,948
Reclassification	-	6,647	-	-	-	-	-	6,647
Disposals	-	(1,949)	(54,047)	(5,969)	(3,181)	-	-	(65,146)
Effects of foreign currency exchange differences	304	(14,113)	(7,599)	(168)	468	508	-	(20,600)
Balance at June 30, 2023	<u>\$ 1,659,557</u>	<u>2,221,144</u>	<u>668,474</u>	<u>46,263</u>	<u>83,878</u>	<u>26,356</u>	<u>402,833</u>	<u>5,108,505</u>
Depreciation expenses and impairment loss:								
Balance at January 1, 2024	\$ -	810,570	499,568	33,750	69,873	17,503	-	1,431,264
Depreciation expenses	-	39,409	28,430	2,158	3,172	1,427	-	74,596
Reclassification	-	2,601	-	-	-	-	-	2,601
Disposals	-	-	(2,471)	(571)	(1,867)	-	-	(4,909)
Effects of foreign currency exchange differences	-	17,738	8,225	450	1,297	302	-	28,012
Balance at June 30, 2024	<u>\$ -</u>	<u>870,318</u>	<u>533,752</u>	<u>35,787</u>	<u>72,475</u>	<u>19,232</u>	<u>-</u>	<u>1,531,564</u>

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

	Land	Buildings	Machinery Equipment	Transport Equipment	Office Equipment	Leasehold Improvements	Property under Construction	Total
Balance at January 1, 2023	\$ -	748,313	497,003	35,340	68,853	14,318	-	1,363,827
Depreciation expenses	-	37,426	31,808	2,566	3,314	1,496	-	76,610
Reclassification	-	4,722	-	-	-	-	-	4,722
Disposals	-	(1,949)	(53,819)	(5,960)	(3,173)	-	-	(64,901)
Effects of foreign currency exchange differences	-	(11,217)	(5,599)	(183)	360	338	-	(16,301)
Balance at June 30, 2023	<u>\$ -</u>	<u>777,295</u>	<u>469,393</u>	<u>31,763</u>	<u>69,354</u>	<u>16,152</u>	<u>-</u>	<u>1,363,957</u>

Carrying amounts:

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>
June 30, 2024	<u>\$ 1,660,484</u>	<u>1,820,698</u>	<u>180,104</u>	<u>11,676</u>	<u>15,350</u>	<u>9,438</u>	<u>246,783</u>	<u>3,944,533</u>
January 1, 2023	<u>\$ 1,659,253</u>	<u>1,482,166</u>	<u>190,063</u>	<u>16,465</u>	<u>15,067</u>	<u>11,091</u>	<u>317,724</u>	<u>3,691,829</u>
June 30, 2023	<u>\$ 1,659,557</u>	<u>1,443,849</u>	<u>199,081</u>	<u>14,500</u>	<u>14,524</u>	<u>10,204</u>	<u>402,833</u>	<u>3,744,548</u>

(i) For the information of the Group's property, plant and equipment as collateral for long-term and short-term borrowings and loan limit, please refer to Note 8.

(ii) The property under construction is mainly for the plant. The interest capitalization rates for the periods from January 1 to 30 June in 2023 and 2024 are calculated based on 2.29% and 1.95% to 2.13%, respectively. The interest capitalization amounts are NT\$3,785 thousand and NT\$2,734 thousand, respectively.

(iii) For the disposal of profits and losses, please refer to Note 6(aa).

(I) Right-of-use assets

The information about leases of land, buildings, transportation equipment, and office equipment for which the Group has been a lessee is presented below:

	Land	Buildings	Transport Equipment	Office Equipment	Total
Cost:					
Balance at January 1, 2024	\$ 314,402	82,252	17,012	718	414,384
Additions	-	42,627	3,778	-	46,405
Disposals	-	(37,516)	(13,422)	-	(50,938)
Effects of foreign currency exchange differences	8,346	2,086	158	15	10,605
Balance at June 30, 2024	<u>\$ 322,748</u>	<u>89,449</u>	<u>7,526</u>	<u>733</u>	<u>420,456</u>
Balance at January 1, 2023	\$ 309,787	80,297	17,892	702	408,678
Additions	7,501	-	-	-	7,501
Disposals	(3,029)	-	-	-	(3,029)
Effects of foreign currency exchange differences	(9,182)	1,494	324	25	(7,339)
Balance at June 30, 2023	<u>\$ 305,077</u>	<u>81,791</u>	<u>18,216</u>	<u>727</u>	<u>405,811</u>
Depreciation expenses:					
Balance at January 1, 2024	\$ 50,582	61,686	15,092	718	128,078
Depreciation expenses	5,034	7,123	1,843	-	14,000
Disposals	-	(34,764)	(13,422)	-	(48,186)
Effects of foreign currency exchange differences	1,360	1,157	143	15	2,675
Balance at June 30, 2024	<u>\$ 56,976</u>	<u>35,202</u>	<u>3,656</u>	<u>733</u>	<u>96,567</u>

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Transport Equipment</u>	<u>Office Equipment</u>	<u>Total</u>
Balance at January 1, 2023	\$ 36,741	48,245	11,533	702	97,221
Depreciation expenses	5,133	6,449	2,292	-	13,874
Disposals	(3,029)	-	-	-	(3,029)
Effects of foreign currency exchange differences	(1,873)	992	263	25	(593)
Balance at June 30, 2023	<u>\$ 36,972</u>	<u>55,686</u>	<u>14,088</u>	<u>727</u>	<u>107,473</u>
Carrying amounts:					
January 1, 2024	<u>\$ 263,820</u>	<u>20,566</u>	<u>1,920</u>	<u>-</u>	<u>286,306</u>
June 30, 2024	<u>\$ 265,772</u>	<u>54,247</u>	<u>3,870</u>	<u>-</u>	<u>323,889</u>
January 1, 2023	<u>\$ 273,046</u>	<u>32,052</u>	<u>6,359</u>	<u>-</u>	<u>311,457</u>
June 30, 2023	<u>\$ 268,105</u>	<u>26,105</u>	<u>4,128</u>	<u>-</u>	<u>298,338</u>

For the right-of-use assets pledged as collateral by the Group for financing, please refer to Note 8.

(m) Investment Properties

The information about investment properties of the Group is presented follows:

	<u>Buildings</u>
Cost or recognized cost:	
Balance at January 1, 2024	\$ 52,472
Reclassification	(5,572)
Effects of foreign currency exchange differences	752
Balance at June 30, 2024	<u>\$ 47,652</u>
Balance at January 1, 2023	\$ 54,456
Reclassification	(6,647)
Effects of foreign currency exchange differences	(655)
Balance at June 30, 2023	<u>\$ 47,154</u>
Depreciation expenses and impairment loss:	
Balance at January 1, 2024	\$ 27,214
Depreciation expenses	1,031
Reclassification	(2,601)
Effects of foreign currency exchange differences	578
Balance at June 30, 2024	<u>\$ 26,222</u>
Balance at January 1, 2023	\$ 25,909
Depreciation expenses	1,028
Reclassification	(4,722)
Effects of foreign currency exchange differences	(470)
Balance at June 30, 2023	<u>\$ 21,745</u>
Carrying amounts:	
January 1, 2024	<u>\$ 25,258</u>
June 30, 2024	<u>\$ 21,430</u>
January 1, 2023	<u>\$ 28,547</u>
June 30, 2023	<u>\$ 25,409</u>

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

- (i) The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods. The rental income of the investment properties that have been leased is a fixed amount. Please refer to Note 6(aa).
- (ii) As of June 30, 2024, and December 31 and June 30, 2023, the fair value of investment property located in Zhongshan District, Taipei City was \$25,838 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 Jiaying 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.
- (iii) For the information of investment properties pledged as collateral for long-term borrowings and loan limit on June 30, 2024, and December 31 and June 30, 2023, please refer to Note 8.

(n) Intangible assets

The information about intangible assets of the Group's is presented as follows:

	Goodwill	Computer Software	Trademarks	Customer Relationship	Existing Technology	Royalty	Brand Value	Website	Copyright	Total
Cost:										
Balance at January 1, 2024	\$ 569,481	118,108	84,732	108,727	-	293,399	755,721	1,106	17,026	1,948,300
Additions	-	7,831	-	-	-	-	-	-	-	7,831
Reclassification	-	1,750	-	-	-	-	-	-	-	1,750
Effects of foreign currency exchange differences	25,490	1,175	2,249	3,080	-	3,023	42,382	63	-	77,462
Balance at June 30, 2024	<u>\$ 594,971</u>	<u>128,864</u>	<u>86,981</u>	<u>111,807</u>	<u>-</u>	<u>296,422</u>	<u>798,103</u>	<u>1,169</u>	<u>17,026</u>	<u>2,035,343</u>
Balance at January 1, 2023	\$ 566,722	101,405	82,454	107,029	7,685	293,407	749,481	1,106	-	1,909,289
Additions	-	6,990	-	-	-	-	1,868	-	17,026	25,884
Disposals	-	-	-	-	(7,685)	-	-	-	-	(7,685)
Effects of foreign currency exchange differences	7,723	1,014	2,558	2,989	-	745	12,846	14	-	27,889
Balance at June 30, 2023	<u>\$ 574,445</u>	<u>109,409</u>	<u>85,012</u>	<u>110,018</u>	<u>-</u>	<u>294,152</u>	<u>764,195</u>	<u>1,120</u>	<u>17,026</u>	<u>1,955,377</u>
Amortization expenses and impairment loss:										
Balance at January 1, 2024	\$ 8,666	90,619	81,179	82,957	-	227,464	138,314	1,102	2,838	633,139
Amortization expenses	-	7,503	452	1,475	-	10,989	17,925	4	2,838	41,186
Effects of foreign currency exchange differences	186	553	2,055	1,915	-	3,023	8,052	63	-	15,847
Balance at June 30, 2024	<u>\$ 8,852</u>	<u>98,675</u>	<u>83,686</u>	<u>86,347</u>	<u>-</u>	<u>241,476</u>	<u>164,291</u>	<u>1,169</u>	<u>5,676</u>	<u>690,172</u>
Balance at January 1, 2023	\$ 8,345	78,572	74,691	78,330	7,685	202,478	103,109	835	-	554,045
Amortization expenses	-	5,644	3,804	1,476	-	12,489	17,395	136	-	40,944
Disposals	-	-	-	-	(7,685)	-	-	-	-	(7,685)
Effects of foreign currency exchange differences	279	547	2,473	2,690	-	732	2,099	14	-	8,834
Balance at June 30, 2023	<u>\$ 8,624</u>	<u>84,763</u>	<u>80,968</u>	<u>82,496</u>	<u>-</u>	<u>215,699</u>	<u>122,603</u>	<u>985</u>	<u>-</u>	<u>596,138</u>
Carrying amounts:										
January 1, 2024	<u>\$ 560,815</u>	<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>1,315,161</u>
June 30, 2024	<u>\$ 586,119</u>	<u>30,189</u>	<u>3,295</u>	<u>25,460</u>	<u>-</u>	<u>54,946</u>	<u>633,812</u>	<u>-</u>	<u>11,350</u>	<u>1,345,171</u>
January 1, 2023	<u>\$ 558,377</u>	<u>22,833</u>	<u>7,763</u>	<u>28,699</u>	<u>-</u>	<u>90,929</u>	<u>646,372</u>	<u>271</u>	<u>-</u>	<u>1,355,244</u>
June 30, 2023	<u>\$ 565,821</u>	<u>24,646</u>	<u>4,044</u>	<u>27,522</u>	<u>-</u>	<u>78,453</u>	<u>641,592</u>	<u>135</u>	<u>17,026</u>	<u>1,359,239</u>

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

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.

(o) Short-term borrowings

The Group short-term borrowings are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Credit bank borrowings	\$ 428,375	622,485	682,403
Secured bank borrowings	<u>1,478,895</u>	<u>1,495,530</u>	<u>1,209,230</u>
Total	<u>\$ 1,907,270</u>	<u>2,118,015</u>	<u>1,891,633</u>
Unused credit lines	<u>\$ 1,814,480</u>	<u>787,012</u>	<u>809,919</u>
Range of interest rates	<u>1.94%-3.15%</u>	<u>1.81%-7.59%</u>	<u>1.40%-6.50%</u>

(i) Issuance and repayment of short-term borrowings

The amounts added by the short-term borrowings from January 1 to June 30, 2024 and 2023 were NT\$3,183,446 thousand and NT\$0 thousand, respectively; the amounts repaid were NT\$3,396,408 thousand and NT\$494,494 thousand, respectively.

(ii) Collateral for bank loan

For the Group's assets as collateral for bank borrowings, please refer to Note 8.

(p) Long-term borrowings

The details of the Group long-term borrowings are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Secured bank borrowings	\$ 2,160,702	2,215,329	1,856,034
Less: long-term borrowings, current portion	<u>(277,824)</u>	<u>(296,527)</u>	<u>(209,238)</u>
Total	<u>\$ 1,882,878</u>	<u>1,918,802</u>	<u>1,646,796</u>
Unused credit lines	<u>\$ 1,056,022</u>	<u>994,300</u>	<u>1,475,216</u>
Range of interest rates	<u>1.395%-6.5%</u>	<u>1.4%-6.5%</u>	<u>1.4%-6.5%</u>

(i) Issuance and repayment of borrowings

The Group's long-term borrowings from January 1 to June 30, 2024 and 2023 were NT\$92,801 thousand and NT\$272,276 thousand, respectively; the amounts repaid were NT\$155,899 thousand and NT\$121,122 thousand, respectively.

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(ii) Collateral for long-term borrowings

For the Group's assets as collateral for bank borrowings, please refer to Note 8.

(q) Bonds payable

The Group's bonds payable are as follows:

	December 31, 2023	June 30, 2023
Secured ordinary bonds - current	\$ -	423,561
Unsecured ordinary bonds – non-current	1,200	1,182
Less: Current portion	<u>(1,200)</u>	<u>(424,743)</u>
Total	<u><u>\$ -</u></u>	<u><u>-</u></u>

(i) On June 28, 2021 and August 24, 2020, the Corporation issued 0% three-year unsecured ordinary bonds and secured ordinary bonds, with amounts of NT\$1,000,000 thousand and NT\$600,000 thousand respectively, interest payment once a year and principal amount repayment upon maturity date.

(ii) The secured convertible bonds issued by the Group are as follows:

	December 31, 2023	June 30, 2023
Total amount	\$ 600,000	600,000
Balance of unamortized discount on bonds payable	-	(539)
Accumulated converted amount	(175,900)	(175,900)
Repaid amount upon maturity	<u>(424,100)</u>	<u>-</u>
Balance at the end of period	<u><u>\$ -</u></u>	<u><u>423,561</u></u>
Equity component - convertible equity (reported under capital surplus - share option)	<u><u>\$ -</u></u>	<u><u>8,952</u></u>

	For the three months ended June 30, 2023	For the six months ended June, 2023
Interest expenses	<u><u>\$ 992</u></u>	<u><u>1,981</u></u>

The Corporation issued 0% three-year secured convertible bonds in Taiwan on August 9, 2020 with amount of \$600,000 thousand. The main issuance conditions are as follows:

1) Each bond entitles the holder to convert it into ordinary shares of the Corporation at a conversion price of \$89.9. If there are any adjustments to the conversion price of the Corporation's common shares in accordance with the issuance terms, the conversion price will be adjusted according to the issuance terms. This bond has no reset clause.

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

- 2) The Corporation is entitled to redeem the bonds by cash at face value from the day following 3 months after the issuance until 40 days before the maturity date 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.
- 3) This bond has been fully converted into ordinary stock and trading over the counter was terminated on August 25, 2023.
- 4) For the information of the collateral for the aforementioned secured convertible bonds and ordinary bonds, please refer to Note 8.

(iii) The unsecured convertible bonds issued by the Group are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Total amount	\$ 1,000,000	1,000,000	1,000,000
Balance of unamortized discount on bonds payable	-	-	(18)
Accumulated redeemed amount	<u>(1,000,000)</u>	<u>(998,800)</u>	<u>(998,800)</u>
Balance at the end of period	<u>\$ -</u>	<u>1,200</u>	<u>1,182</u>
Equity component - convertible equity (reported under capital surplus - share option)	<u>\$ -</u>	<u>-</u>	<u>-</u>

	For the three months ended June 30, 2023	For the six months ended June, 2023
Interest expenses	<u>\$ 3,847</u>	<u>7,678</u>

The Corporation issued 0% three-year secured convertible bonds in Taiwan on June 22, 2021 with amount of NT\$1,000,000 thousand. The main issuance conditions are as follows:

- 1) Each bond entitles the holder to convert it into ordinary shares of the Corporation at a conversion price of \$100.6. If there are any adjustments to the conversion price of the Corporation's common shares in accordance with the issuance terms, the conversion price will be adjusted according to the issuance terms. This bond has no reset clause.
- 2) The Corporation is entitled to redeem the bonds by cash at face value from the day following 3 months after the issuance until 40 days before the maturity date if the closing price of common shares is 30% higher than its conversion price within thirty business

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

days in a row or the balance of outstanding bonds is 10% lower than the original face value.

- 3) The holder can require the Corporation to redeem the bonds after 2 years from issuance, with the amount of 101.0% of face value.
- 4) 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.
- 5) The maturity date of the bonds was June 28, 2024, and the trading over-the-counter terminated on July 1, 2024. As of June 30, 2024, there is still a total face value of \$1,200 thousand outstanding, and it is listed under other payables.

(r) Lease liabilities

The carrying amounts of lease liabilities are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Current	<u>\$ 17,530</u>	<u>11,613</u>	<u>15,408</u>
Non-current	<u>\$ 43,629</u>	<u>13,926</u>	<u>20,896</u>

For the maturity analysis, please refer to Notes 6(ab).

The amounts recognized in profit or loss are as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Interest on lease liabilities	<u>\$ 199</u>	<u>275</u>	<u>435</u>	<u>547</u>
Expenses relating to short-term leases	<u>\$ 11,839</u>	<u>9,868</u>	<u>20,133</u>	<u>18,495</u>
Expenses relating to lease of low-value asset leases	<u>\$ 491</u>	<u>110</u>	<u>634</u>	<u>217</u>

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

The amounts recognized in the statements of cash flows are as follows:

	For the six months ended June, 2024	For the six months ended June, 2023
Total cash outflow for leases	\$ 30,054	32,267

(i) Land leases

The Group leases lands as constructions of plants, with lease term of 50 years.

(ii) Buildings leases

The Group leases buildings as offices and retail stores, with lease term of 1 to 5 years for offices and of 2 to 13 years for retail stores.

(iii) Other leases

The lease term of transportation equipment and some machinery equipment is 3 to 4 years. Additionally, the remaining buildings, transportation equipment, and certain office equipment that the Group leases are short-term and low-value leases. These leases apply to requirements of exemption from recognition and their related right-of-use assets and lease liabilities are not recognized.

(s) Operating leases

The Group leases its investment properties. Since almost all risks and rewards of ownership of the subject assets have not been transferred, these lease contracts are classified as operating leases. Please refer to Note 6(m) for investment properties.

The maturity analysis of lease payments receivable is presented in the following table as the total undiscounted lease payments to be received after the reporting date:

	December 31,		
	June 30, 2024	2023	June 30, 2023
Less than one year	\$ 3,164	3,290	3,708
1 to 2 year	674	671	673
2 to 3 year	617	671	673
3 to 4 year	-	280	617
	\$ 4,455	4,912	5,671

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(t) Employee benefits

(i) Defined benefit plans

At the end of the prior fiscal year, there was no material volatility of the market, no material reimbursement and settlement or other material one-time events. As a result, pension cost in the consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate as of December 31, 2023 and 2022.

The expense recognized in profit or loss for the Group were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Operating costs	\$ 27	27	53	53
Selling expenses	\$ 7	7	15	15
Administrative expenses	\$ 31	31	63	63
Research and development expenses	\$ 27	26	53	52

(ii) Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Operating costs	\$ 2,374	2,106	4,735	4,424
Selling expenses	\$ 959	1,231	2,910	2,881
Administrative expenses	\$ 2,621	3,148	5,216	5,561
Research and development expenses	\$ 1,059	750	2,062	1,742

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(u) Income tax

(i) The Group's income tax benefit is as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Current tax expenses				
Current period	\$ (20,353)	27,231	(295)	49,889
Adjustments for prior periods	3,075	(4,793)	(4,499)	(5,880)
	<u>(17,278)</u>	<u>22,438</u>	<u>(4,794)</u>	<u>44,009</u>
Deferred tax benefit				
Occurrence of temporary difference	(3,865)	(60,391)	(17,726)	(80,066)
Income tax profit	<u><u>\$ (21,143)</u></u>	<u><u>(37,953)</u></u>	<u><u>(22,520)</u></u>	<u><u>(36,057)</u></u>

(ii) Income tax assessments

The income tax returns of the Corporation through 2021 have been assessed by the tax authorities.

The income tax returns of subsidiaries through 2022 have been assessed by the tax authorities.

(v) Capital and other equity

Except for the following disclosure, there was no significant change in capital and other equity for the periods from January 1 to June 30, 2024 and 2023. For the related information, please refer to note 6(z) to the consolidated financial statements for the year ended December 31, 2023.

(i) Issuance of ordinary shares

On May 27, 2024, the Corporation, through the shareholders' general meeting resolution, issued new shares of NT\$75,323 thousand without consideration from the capital surplus obtained by issuing shares above fair value, and was approved by the FSC on July 3, 2024. Additionally, the board of directors approved to set July 26, 2024 as the reference date of capital increase.

On March 23, 2023, the Corporation, through the board of directors' resolution, was operating the insurance of 25,000 thousand new shares, with par value of NT\$10 and total amount of NT\$250,000 thousand, and it was approved by the FSC on April 27, 2023. Additionally, the board of directors approved to set June 19, 2023 as the reference date of

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

capital increase, and the registration was completed on July 20, 2023. The underwriting fee expense of NT\$2,668 thousand from issuing shares belongs to necessary issuance cost and is recorded as a deduction from capital surplus.

(ii) Capital surplus

The Group's capital surplus balance is as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Issuance of ordinary shares	\$ 1,843,175	1,918,498	1,916,840
Treasury share transaction	127,204	127,204	127,204
Changes in ownership interests in subsidiaries	2,733	2,619	4,320
Conversion of bonds	660,998	660,998	660,998
Employee share options	48,625	47,262	48,535
Gain on disgorgement	140	140	140
	<u>\$ 2,682,875</u>	<u>2,756,721</u>	<u>2,758,037</u>

According to the Company Act, the capital surplus must first be used to offset a deficit then may be distributed as cash dividends or transferred to share capital.

The realized capital surplus referred to in the preceding paragraph includes the issuance of ordinary shares above fair value and the income received from donations. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers regulations, the capital surplus that can be transferred to share capital shall not exceed ten percent of the Corporation's paid-in capital each year.

On May 27, 2024, the Corporation, through the shareholders' general meeting resolution, distributed stock dividends of NT\$75,323 thousand from capital surplus, with relevant information available at the Market Observation Post System.

(iii) Retained earnings

Under the 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

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

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.

1) Legal reserve

When the company has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, it may be used to be distributed as bonuses in shares or in cash through the resolution of the board of directors. under shareholders' equity

2) Special reserve

According to the FSC regulations, when the Corporation distributes distributable earnings, the net amount of other deductions from shareholder' equity recorded during the current year should be deducted from the current period's after-tax net profit. The resulting amount, along with any items included in the current period's undistributed earnings other than the after-tax net profit, as well as the undistributed earnings from the previous period, should be used to allocate additional special reserves. For the amount of other deductions from shareholders' equity accumulated in previous periods, it must be allocated to the special reserve from the previous period's undistributed earnings and cannot be distributed. When the amount of other deductions from shareholder' equity is reversed, the reversed portion may be distributed as earnings.

3) Earnings appropriations

The 2023 loss recovery plan had been resolved by the shareholders' meeting on May 27, 2024; the 2022 earnings appropriation plan had been resolved by the shareholders' meeting on May 26, 2023.

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

The amounts of dividends distributed to the owners are as follows:

	2022	
	Amount per share	Total amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 0.50	62,813

iv) Treasury shares

According to the requirements of Article 28-2 of the Securities and Exchange Act, in order to maintain the company's reputation and shareholders' equity and to motivate employee morale and enhance employee cohesion, the board of directors passed a resolution on May 11, 2022 to buy back treasury shares at NT\$40 to 65 per share.

The Corporation repurchased a total of 2,338 thousand shares from May 12 to July 11, 2022, with the total amount of purchased shares of NT\$96,415 thousand, and transferred 489 thousand shares to employees on January 3, 2023. For information on employee stock options, please refer to Note 6(w).

The treasury shares held by the Corporation, according to the Securities and Exchange Act, cannot be pledged and do not enjoy shareholder rights until they are transferred.

v) Other equity

	Exchange differences on translation of foreign financial statements	Unrealized (loss) gain on financial assets at FVTOCI	Total
Balance at January 1, 2024	\$ (103,756)	(21,928)	(125,684)
Exchange differences on translation of the financial statements of foreign entities	106,433	4,145	110,578
Balance at June 30, 2024	\$ 2,677	(17,783)	(15,106)
Balance at January 1, 2023	\$ (118,910)	(7,267)	(126,177)
Exchange differences on translation of the financial statements of foreign entities	19,914	-	19,914
Balance at June 30, 2023	\$ (98,996)	(7,267)	(106,263)

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(w) Share-based payments

From January 1, to June 30, 2024 and 2023, the Group had the following share-based payments transactions:

Type	Equity Settlement			
	Employee Share Options	Treasury Shares Employee Share Options	Treasury Shares Transferred to Employee	Shares Issued Reserved for Employee Subscription
Grant-date	December 21, 2017	November 30, 2021	January 3, 2023	June 5, 2023
Given quantity (thousand/unit)	4,000	2,000	489	25,000
Duration	6 years	4 years	0.1 year	0.02 years
Subscription price per share (NTD)	42.95	30.05	11.05	40.25
Adjusted subscription price per share (NTD)	34.90	-	-	-

(i) Employee share options

1) The Corporation issued 4,000 thousand employee share options on March 29, 2017 through the board of directors' resolution. Each unit of share options entitles the holder to subscribe for 1 share, issued as new shares. The holders are limited to the Corporation's employees, and the employees of domestic and overseas subsidiaries in which the company directly or indirectly holds more than 50% of the shares of the same invested companies. The options were granted at an exercise price equal to the closing price of the Corporation's ordinary shares at the grant date. The issuance will be completed within one year from the date of receipt of the effective notice from the competent authority and may be issued in one or multiple times as needed. The aforementioned employee stock options were declared effective to the Securities and Futures Bureau of FSC on May 18, 2017 and were all issued by the board of directors on December 21, 2017. The fair value of the share options on the grant date was NT\$42.95.

The options granted to the holders after the second anniversary from the grant date, except during the period of suspension of transfer in accordance with the law, the cumulative exercisable ratio of share options is as follows:

Granted Share Options Period	Cumulative Exercisable Ratio of Share Options
After the second anniversary from the grant date	50%
After the third anniversary from the grant date	75%
After the fourth anniversary from the grant date	100%

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

2) Measurements at fair value on the grant date

Issuance of ordinary shares under employee share option at fair value on the grant date was priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	Employee Share Options on December 31, 2017
Expected volatility (%)	28.17%
Expected life (in years)	6 years
Risk-free interest rate (%)	0.63%-0.71%

3) The aforementioned employee share options are as follows:

	For the six months ended June 30, 2023	
	Weighted- average Exercise Price (\$)	Number of Options (In Thousands of Shares)
Balance at January 1	\$ 34.90	2,691
Quantity given in this period	-	-
Options exercised in this period	34.90	(495)
Balance at June 30	34.90	<u><u>2,196</u></u>

The balance at June 30, 2023 is as follows:

	June 30, 2023
Exercise price range	\$ 34.90
Weighted-average remaining contract period (in years)	0.5

(ii) Treasury share options to employees

- 1) In the board meeting on March 9, 2022, the Corporation approved the granting of 2,000 thousand options. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Corporation, and the new shares issued will be granted exclusively to employees of indirectly held subsidiaries. The share subscription price will be determined according to the parent company's regulations for transferring treasury shares to employees. The issuance date of the aforementioned employee share options is November 30, 2021, and the fair value of the share options on the grant date is NT\$40.11 within the six-month lock-up period and NT\$44 after the lock-up period.

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

The options granted to the holders after the first anniversary from the grant date, except during the period of suspension of transfer in accordance with the law, the cumulative exercisable ratio of share options is as follows:

Granted Share Options Period	Cumulative Exercisable Ratio of Share Options
After the first anniversary from the grant date	50%
After the second anniversary from the grant date	75%
After the third anniversary from the grant date	100%

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.

2) Measurements at fair value on the grant date

Issuance of ordinary shares under employee share option at fair value on the grant date was priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	Treasury Shares Employee Share Options
Expected volatility (%)	39.53%-46.21%
Expected life (in years)	4 years
Risk-free interest rate (%)	0.44%-0.51%

3) The aforementioned employee share options are as follows:

	For the six months ended June 30,			
	2024		2023	
	Weighted-average Exercise Price (\$)	Number of Options (In Thousands of Shares)	Weighted-average Exercise Price (\$)	Number of Options (In Thousands of Shares)
Balance at January 1	\$15.78-18.90	2,000	15.59-18.71	2,000
Quantity given in this period	-	-	-	-
Balance at June 30	15.78-18.90	2,000	15.59-18.71	2,000

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

The balance from January 1 to June 30, 2024 and 2023 is as follows:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Exercise price range	\$ 30.05	30.05
Weighted-average remaining contract period (in years)	1.23-2.23	2.23-3.23

4) Employee expenses

The expenses of issuance of ordinary shares under employee share options from January 1 to June 30, 2024 and 2023 are as follows:

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Employee share options expenses	<u>\$ 690</u>	<u>1,546</u>	<u>1,380</u>	<u>2,892</u>

(iii) Treasury shares transferred to employees

The fifth treasury shares transferred to employees

- On May 11, 2022, the Corporation, through the board of directors' resolution, repurchased treasury shares, and granted qualified employees of the Group 489 thousand treasury share options on January 3, 2023. The holders are limited to the Corporation's employees who meet specific conditions. The weighted-average fair value of the share options on the grant date is NT\$11.05, and the weighted-average price of the actual repurchase of treasury shares is NT\$8,376 thousand.

2) Measurements at fair value on the grant date

Issuance of ordinary shares under employee share option at fair value on the grant date was priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	<u>Treasury Shares</u> <u>Transferred to</u> <u>Employees</u>
Expected volatility (%)	3.00%
Expected life (in days)	37
Risk-free interest rate (%)	1.65%

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

3) The aforementioned treasury share options are as follows:

	For the six months ended June 30, 2023	
	Weighted- average Exercise Price (\$)	Number of Options (In Thousands of Shares)
Balance at January 1	\$ 30	489
Quantity given in this period	30	489
Balance at June 30	-	-

(iv) Issuance of shares reserved for employee subscription

1) On March 23, 2023, the Corporation, through the board of directors' resolution, issued a total of 25,000 thousand shares of ordinary stock. The issuance of shares, in accordance with Article 267 of the Company Act, reserved a portion of shares for employee subscription. The grant date of employee share options is June 5, 2023, and the fair value of the share options on the grant date is NT\$40.25.

2) Measurements at fair value on the grant date

Issuance of ordinary shares under employee share option at fair value on the grant date was priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	Issuance of Shares Reserved for Employee Subscription
Expected volatility (%)	30.81%
Expected life (in years)	0.02
Risk-free interest rate (%)	1.03%

3) The aforementioned treasury share options are as follows:

	For the three months ended June 30, 2023	For the six months ended June 30, 2023
Employee share options expenses	\$ -	18,150

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(x) Loss per share

The calculation of basic and diluted loss per share for the Group is as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Basic loss per share				
Net loss for the period attributable to holders of ordinary shares of the Corporation	<u>\$ (106,168)</u>	<u>(37,098)</u>	<u>(73,452)</u>	<u>(149,658)</u>
Weighted-average number of ordinary shares outstanding	<u>150,647</u>	<u>128,802</u>	<u>150,647</u>	<u>126,841</u>
	<u>\$ (0.70)</u>	<u>(0.29)</u>	<u>(0.49)</u>	<u>(1.18)</u>

For the periods from April 1 to June 30, 2024 and 2023, as well as from January 1 to June 30, 2024 and 2023, The Group is net loss, therefore, the diluted earnings per share was not calculated due to the anti-dilution effect.

The Group, through the shareholders' meeting on May 27, 2024, will conduct a free share distribution and set July 26, 2024 as the ex-rights date. If the free share distribution occurs before the financial statements are approved and released, the proposed retrospective adjustment to earnings per share is as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Basic earnings per share	<u>\$ (0.67)</u>	<u>(0.27)</u>	<u>(0.46)</u>	<u>(1.11)</u>

(y) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Main product/service line:				
Sporting goods	\$ 1,462,732	1,451,365	3,084,292	3,220,944
Furniture	31,398	43,694	170,615	516,353
Other revenue	<u>5,157</u>	<u>4,678</u>	<u>8,416</u>	<u>8,001</u>
	<u>\$ 1,499,287</u>	<u>1,499,737</u>	<u>\$ 3,263,323</u>	<u>3,745,298</u>

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(ii) Contract balances

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable	\$ 2,970	984	992
Accounts receivable	905,640	1,201,732	1,062,128
Less: loss allowance	<u>(113,555)</u>	<u>(130,688)</u>	<u>(106,852)</u>
Total	<u>\$ 795,055</u>	<u>1,072,028</u>	<u>956,268</u>
Contract liabilities	<u>\$ 151,723</u>	<u>145,721</u>	<u>170,960</u>

For notes receivable and accounts receivable and their impairment disclosures, please refer to Note 6(e).

The changes in contract assets and contract liabilities mainly arise from the difference between the timing of the transfer of products or services to customers by the Group and the timing of customer payments. There were no other significant changes from January 1 to June 30, 2024 and 2023.

(z) Employee and director remuneration

According to the Articles of Incorporation, if the Corporation made a profit in a fiscal year, no less than 1% should be allocated as employee compensation and no more than 5% as director compensation. But when the Corporation is in deficit, it should reserve the amount in advance to offset losses of previous years. The recipients of the previous employee compensation, issued in the form of shares or cash, include employees of controlled or subsidiary companies who meet certain conditions.

For the periods from April 1 to June 30, 2024 and 2023, as well as from January 1 to June 30, 2024 and 2023, there was no estimation for compensation of employees and remuneration of directors due to net loss before tax. The employee and director remuneration is based on the Corporation's pre-tax net profit for the respective period, before deducting employee and director remuneration, multiplied by the distribution percentages of employee and director remuneration in the Corporation's Articles of Incorporation, and reported as operating costs or operating expenses for the respective period. If there is a difference between the actual distribution amount in the following year and the estimated compensation, it will be treated as a change in accounting estimate, with the difference recognized in the following year's profit or loss. If the board of directors resolves to issue employee compensation in the form of stock, the number of shares to be distributed as stock compensation will be calculated based on the closing price of ordinary shares on the day before the board's resolution.

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

In 2023 and 2022, there were no estimation for compensation of employees and remuneration of directors due to net loss before tax. The relevant information is available at the Market Observation Post System website.

(aa) Non-operating income and expenses

(i) Interest income

The Group's interest income is as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Interest income from bank deposits	\$ 932	3,907	3,766	6,499
Other interest income	241	-	574	1
	<u>\$ 1,173</u>	<u>3,907</u>	<u>4,340</u>	<u>6,500</u>

(ii) Other income

The Group's other income is as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Rental income	\$ 2,228	2,852	4,329	5,539
Other	17,198	9,174	26,577	13,254
	<u>\$ 19,426</u>	<u>12,026</u>	<u>30,906</u>	<u>18,793</u>

(iii) Other profits and losses

The Group's other profits and losses are as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Foreign exchange profits	\$ 34,276	107,923	149,810	77,313
Net profit (loss) of financial assets at fair value through profit or loss	(118,779)	(2,203)	(116,545)	6,257
Other profits and expenses	(550)	(2,230)	(856)	(2,249)
	<u>\$ (85,053)</u>	<u>103,490</u>	<u>32,409</u>	<u>81,321</u>

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(iv) Financing costs

The Group's financing costs are as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Interest expenses - Bank borrowings	\$ 23,900	21,287	46,149	42,506
Interest expenses - Convertible bonds	-	4,838	-	9,659
Interest expenses - Lease liabilities	<u>199</u>	<u>275</u>	<u>435</u>	<u>547</u>
	<u>\$ 24,099</u>	<u>26,400</u>	<u>46,584</u>	<u>52,712</u>

(ab) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(ai) of the consolidated financial statements for the year ended December 31, 2023.

(i) Credit risk

1) Concentration of credit risk

The accounts receivable from the top 10 customers accounted for 50%, 65% and 69% of total accounts receivable as of June 30, 2024, December 31 and June 30, 2023, respectively.

2) Credit risk of receivables

For information on the exposure to credit risk of notes receivable and accounts receivable, please refer to Note 6(e). Other financial assets measured at amortized cost are other receivables.

Other receivables are financial assets with low-credit risk, therefore the loss allowance during the period is measured by the twelve-month expected credit loss amount. The changes in loss from January 1 to June 30, 2024 and 2023 are as follows:

	Other Receivables
Balance at June 30, 2024 (as of balance at January 1, 2024)	<u>\$ 39,500</u>
Balance at June 30, 2023 (as of balance at January 1, 2023)	<u>\$ 39,500</u>

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and excluding the impact of netting arrangements.

	Carrying Amount	Contract ual Cash Flow	Within 6 Months	6-12 Months	1-2 Years	More Than 2-5 Years
June 30, 2024						
Non-derivative financial liabilities						
Long-term and short-term borrowings (including those maturing within one year)	\$ 4,067,972	4,432,855	1,458,841	770,703	341,158	1,862,153
Notes receivable, accounts receivable and other receivables	1,448,718	1,449,736	1,442,263	2,491	4,982	-
Guarantee deposits	1,599	1,599	1,599	-	-	-
Long-term accounts receivable	59,283	60,033	-	-	28,371	31,662
Lease liabilities (including those maturing within one year)	<u>61,159</u>	<u>61,646</u>	<u>10,043</u>	<u>8,788</u>	<u>16,568</u>	<u>26,247</u>
	<u>\$ 5,638,731</u>	<u>6,005,869</u>	<u>2,912,746</u>	<u>781,982</u>	<u>391,079</u>	<u>1,920,062</u>
	Carrying Amount	Contract ual Cash Flow	Within 6 Months	6-12 Months	1-2 Years	More Than 2-5 Years
December 31, 2023						
Non-derivative financial liabilities						
Long-term and short-term borrowings (including those maturing within one year)	\$ 4,333,344	4,522,154	1,751,174	779,266	337,354	1,654,360
Ordinary corporate bonds (including within one year)	1,200	1,200	1,200	-	-	-
Notes receivable, accounts receivable and other receivables	1,458,374	1,458,374	1,251,989	197,176	2,302	6,907
Guarantee deposits	1,715	1,715	1,715	-	-	-
Long-term accounts receivable	58,829	60,034	-	-	28,372	31,662
Lease liabilities (including those maturing within one year)	<u>25,539</u>	<u>26,525</u>	<u>7,458</u>	<u>4,997</u>	<u>6,571</u>	<u>7,499</u>
	<u>\$ 5,879,001</u>	<u>6,070,002</u>	<u>3,013,536</u>	<u>981,439</u>	<u>374,599</u>	<u>1,700,428</u>

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

	<u>Carrying Amount</u>	<u>Contract ual Cash Flow</u>	<u>Within 6 Months</u>	<u>6-12 Months</u>	<u>1-2 Years</u>	<u>More Than 2-5 Years</u>
June 30, 2023						
Non-derivative financial liabilities						
Long-term and short-term borrowings (including those maturing within one year)	\$ 3,747,667	3,930,844	1,458,279	743,430	232,709	1,496,426
Ordinary corporate bonds (including within one year)	424,743	424,743	423,543	1,200	-	-
Notes receivable, accounts receivable and other receivables	2,556,655	2,556,655	2,336,235	210,357	2,516	7,547
Guarantee deposits	1,690	1,690	1,690	-	-	-
Long-term accounts receivable	83,735	85,504	-	-	25,471	60,033
Lease liabilities (including those maturing within one year)	36,304	48,034	11,436	9,772	16,532	10,294
	<u>\$ 6,850,794</u>	<u>7,047,470</u>	<u>4,231,183</u>	<u>964,759</u>	<u>277,228</u>	<u>1,574,300</u>

The Group did not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk

The Group's significant exposure to foreign currency risks was as follows:

	<u>June 30, 2024</u>			<u>December 31, 2023</u>			<u>June 30, 2023</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD:TWD	\$ 89,190	32.4500	2,894,216	99,920	30.7050	3,068,044	89,836	31.1400	2,797,493
JPY:TWD	43	0.2017	9	1,027	0.2172	223	56	0.2150	12
EUR:TWD	624	34.71	21,659	778	33.9800	26,436	6,985	33.8100	236,163
CNY:TWD	5,506	4.4450	24,474	12,080	4.3270	52,270	13,218	4.2820	56,599
CAD:TWD	1,432	23.6700	33,895	3,584	23.2000	83,149	1	23.4800	23
GBP:TWD	397	41.0400	16,293	683	39.1500	26,739	686	39.3800	27,015
THB:TWD	3,929	0.8867	3,484	3,493	0.9017	3,150	2,854	0.8816	2,516
EUR:USD	79	1.0696	2,742	78	1.1067	2,650	18	1.0857	609
CNY:USD	391	0.1370	1,738	511	0.1409	2,211	222	0.1375	951
GBP:USD	78	1.2647	3,201	77	1.2750	3,015	77	1.2646	3,032
USD:CNY	4,097	7.3003	132,948	1,991	7.0961	61,134	12,782	7.2723	398,031
GBP:EUR	7	1.1824	287	29	1.1521	1,135	134	1.1647	5,277
USD:JPY	23	160.8825	746	23	141.3674	706	23	144.8372	716
USD:CAD	362	1.3709	11,747	523	1.3235	16,059	70	1.3262	2,180
EUR:GBP	25	0.1012	5	25	0.1004	5	-	-	-

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

	June 30, 2024			December 31, 2023			June 30, 2023		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD:TWD	470	32.4500	15,252	2,545	30.7050	78,144	1,595	31.1400	49,668
CNY:TWD	137,831	4.4450	612,659	91,688	4.3270	396,734	119,400	4.2820	511,271
CNY:USD	9,043	0.1370	40,196	7,567	0.1409	32,742	4,729	0.1375	20,250
GBP:USD	142	1.2647	5,828	103	1.2750	4,032	55	1.2646	2,166
USD:CNY	57	7.3003	1,850	27	7.0961	829	98	7.2723	3,052
GBP:EUR	-	-	-	-	-	-	1	1.1647	39
USD:JPY	1,151	160.8825	37,350	984	141.3674	30,214	854	144.8372	26,594
USD:CAD	101	1.3709	3,277	340	1.3235	10,440	103	1.3262	3,207

The foreign currency risk of the Corporation mainly arises from profits and losses in foreign exchange conversion in cash and cash equivalents, accounts receivable, and other receivables, accounts payable, and other payables. On June 30, 2024 and 2023, if the TWD depreciates against major currencies by 1%, while all other factors remain unchanged, the after-tax net profit from January 1 to June 30, 2024 and 2023 will increase by NT\$24,310 thousand and NT\$29,144 thousand, respectively. The analysis of the 2 periods is based on the same foundation.

Due to the variety of functional currencies of the Group, the information on the profits and losses of monetary items in foreign exchange conversion is disclosed in an aggregate method. The profits and losses in foreign exchange conversion (including realized and unrealized) from January 1 to June 30, 2024 and 2023 are as of NT\$149,810 thousand and NT\$77,313 thousand, respectively.

2) Interest rate risk

The Group's financial assets and exposure to interest rates for financial liabilities are explained in the liquidity risk management notes.

The sensitivity analysis below was based on the Group's exposure to interest rates for derivative and 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 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.

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit at June 30, 2024 and 2023 would decrease by \$5,085 thousand and \$4,685 thousand, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

3) Other price risks

If the equity securities price changes (analysis of the two periods uses the same basis, assuming other variables remain unchanged) on the reporting date, the impact on comprehensive profit and loss items is as follows:

<u>Equity securities price on the reporting date</u>	For the six months ended	
	June 30,	
	2024	2023
	Post-tax profit and loss	Post-tax profit and loss
Increase 3%	\$ 1,267	5,243
Decrease 3%	\$ (1,267)	(5,243)

(iv) Fair value information

1) Categories and Fair Values of Financial Instruments

The fair value of financial assets and liabilities at fair value through profit and loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows, however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

	June 30, 2024				
	Carrying Amounts	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVTPL					
Non-derivative financial assets held for trading	\$ 42,222	-	-	42,222	42,222
Financial assets at FVTOCI					
Stocks listed on domestic markets	\$ 11,378	11,378	-	-	11,378
Stocks unlisted on domestic markets	8,599	-	-	8,599	8,599
Stocks unlisted on foreign markets	35,233	-	-	35,233	35,233
Subtotal	55,210	11,378	-	43,832	55,210
Financial assets at amortized cost					
Cash and cash equivalents	\$ 1,038,127	-	-	-	-
Notes receivable, accounts receivable and other receivables	844,392	-	-	-	-
Financial bonds (financial assets at amortized cost - current and non-current)	38,940	-	-	-	-
Financial assets at amortized cost - current	10,845	-	-	-	-
Guarantee deposits paid	37,354	-	-	-	-
Subtotal	1,969,658	-	-	-	-
Financial liabilities at FVTPL					
Non-derivative financial liabilities held for trading	\$ 88	-	-	-	-
Financial liabilities at amortized cost					
Short-term borrowings	\$ 1,907,270	-	-	-	-
Notes payable, accounts payable and other payables (including related parties)	1,448,717	-	-	-	-
Leasing liabilities (including current and non-current)	61,159	-	-	-	-
Long-term borrowings due within 1 year or 1 business cycle	277,824	-	-	-	-
Long-term borrowings	1,882,878	-	-	-	-
Long-term accounts payable (including related parties)	64,475	-	-	-	-
Guarantee deposits received	1,599	-	-	-	-
Subtotal	5,643,922	-	-	-	-

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

	December 31, 2023				
	Carrying Amounts	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVTPL					
Non-derivative financial assets mandatorily measured at FVTPL	\$ 118,124	-	-	118,124	118,124
Non-derivative financial assets held for trading	<u>16,555</u>	-	-	<u>16,555</u>	<u>16,555</u>
Subtotal	<u>134,679</u>	-	-	<u>134,679</u>	<u>134,679</u>
Financial assets at FVTOCI					
Stocks listed on domestic markets	\$ 8,966	8,966	-	-	8,966
Stocks unlisted on domestic markets	6,865	-	-	6,865	6,865
Stocks unlisted on foreign markets	<u>35,139</u>	-	-	<u>35,139</u>	<u>35,139</u>
Subtotal	<u>50,970</u>	<u>8,966</u>	-	<u>42,004</u>	<u>50,970</u>
Financial assets at amortized cost					
Cash and cash equivalents	\$ 1,158,512	-	-	-	-
Notes receivable, accounts receivable and other receivables	1,087,127	-	-	-	-
Financial bonds (financial assets at amortized cost - current and non-current)	36,846	-	-	-	-
Financial assets at amortized cost - current	52,390	-	-	-	-
Guarantee deposits paid	<u>78,064</u>	-	-	-	-
Subtotal	<u>2,412,939</u>	-	-	-	-
Financial liabilities at amortized cost					
Short-term borrowings	\$ 2,118,015	-	-	-	-
Notes payable, accounts payable and other payables (including related parties)	1,451,272	-	-	-	-
Leasing liabilities (including current and non-current)	25,539	-	-	-	-
Convertible bonds - liabilities component	1,200	-	1,200	-	1,200
Long-term borrowings due within 1 year or 1 business cycle	296,527	-	-	-	-
Long-term borrowings	1,918,802	-	-	-	-
Long-term accounts payable (including related parties)	66,198	-	-	-	-
Guarantee deposits received	<u>11,715</u>	-	-	-	-
Subtotal	<u>5,889,268</u>	-	<u>1,200</u>	-	<u>1,200</u>

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

	June 30, 2023				
	Carrying Amounts	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVTPL					
Non-derivative financial assets mandatorily measured at FVTPL	\$ 155,700	-	-	155,700	155,700
Non-derivative financial assets held for trading	<u>19,066</u>	-	-	<u>19,066</u>	<u>19,066</u>
Subtotal	<u>174,766</u>	-	-	<u>174,766</u>	<u>174,766</u>
Financial assets at FVTOCI					
Stocks listed on domestic markets	\$ 11,759	11,759	-	-	11,759
Stocks unlisted on domestic markets	9,915	-	-	9,915	9,915
Stocks unlisted on foreign markets	<u>43,913</u>	-	-	<u>43,913</u>	<u>43,913</u>
Subtotal	<u>65,587</u>	<u>11,759</u>	-	<u>53,828</u>	<u>65,587</u>
Financial assets at amortized cost					
Cash and cash equivalents	\$ 1,851,873	-	-	-	-
Notes receivable, accounts receivable and other receivables	970,243	-	-	-	-
Financial bonds (financial assets at amortized cost - current and non-current)	37,368	-	-	-	-
Financial assets at amortized cost - current	187,274	-	-	-	-
Guarantee deposits paid	<u>27,837</u>	-	-	-	-
Subtotal	<u>3,074,595</u>	-	-	-	-
Financial liabilities at amortized cost					
Short-term borrowings	\$ 1,891,633	-	-	-	-
Notes payable, accounts payable and other payables (including related parties)	2,546,690	-	-	-	-
Leasing liabilities (including current and non-current)	36,304	-	-	-	-
Convertible bonds - liabilities component	424,743	-	424,743	-	424,743
Long-term borrowings due within 1 year or 1 business cycle	209,238	-	-	-	-
Long-term borrowings	1,646,796	-	-	-	-
Long-term accounts payable (including related parties)	93,700	-	-	-	-
Guarantee deposits received	<u>1,690</u>	-	-	-	-
Subtotal	<u>6,850,794</u>	-	<u>424,743</u>	-	<u>424,743</u>

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

2) Valuation techniques for financial instrument not measured at fair value

The valuation techniques and assumptions used for financial instrument not measured at fair value that the Group estimates are as follows:

a) Financial assets measured at amortized cost

If there are active market quotes, the market price is used as the fair value; if there is no market price available for reference, valuation techniques or counterparty quotes will be adopted.

b) Financial liabilities measured at amortized cost

If recent transaction prices or market maker quotes are available, the fair value is based on such information. If there is no quoted market price available, the fair value is determined by using valuation techniques and calculated as the present value of the estimated cash flows.

3) Valuation techniques for financial instrument measured at fair value

a) Non-derivative financial instruments

If there are active market quotes, the market price is used as the fair value. The fair value of listed equity instruments and debt instruments with active market quotes is based on the market prices announced by the central government bond trading centers of major exchanges and those judged to be actively traded.

If timely and frequent public quotations of financial instruments can be obtained from exchanges, brokers, underwriters, industry associations, pricing service agencies, or regulatory authorities, and such prices represent actual and frequent fair market transactions, then the financial instruments have active market public quotations. If the above conditions are not met, the market is considered inactive. In general, significant bid-ask spreads, and a notable increase in bid-ask spreads or very low trading volumes are all indicators of an inactive market.

For the financial instruments held by the Group in an active market, its fair value is listed by category and nature as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions traded in active markets, such as listed shares, are based on the market prices.

Apart from the aforementioned financial instruments with active markets, the fair value of other financial instruments is estimated by using valuation techniques or by referring to counterparty quotations. The fair value estimated through valuation techniques can refer to the current fair value of other financial instruments with substantially similar conditions and characteristics, the discounted cash flow method, or other valuation techniques, including the

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

calculations using models based on available market information on the consolidation reporting date (TPEX reference yield curve, Reuters commercial paper interest rate average quotation).

For the financial instruments held by the Group in an unactive market, its fair value is listed by category and nature as follows:

Equity instruments without publicly available quotes: The fair value is estimated using the discounted cash flow model, where the major assumption involves discounting the investee's expected future cash flows using a discount rate that reflects the time value of money and investment risk.

b) Derivative financial instruments

It is evaluated based on widely accepted valuation models by market users, such as the discounted cash flow method and the option pricing model. Forward foreign exchange contracts are usually valued based on the current forward rate. Structured interest rate derivative financial instruments are priced using appropriate option pricing models (Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.

4) Transfers between different levels

The shares held by the Group that have no public market quotation and are measured at fair value using significant unobservable inputs are classified as Level 3. From January 1 to June 30, 2024 and 2023, there were no changes in the valuation techniques for their fair value, and thus there were no transfers between levels during these periods.

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

5) Movement in Level 3

	<u>Financial Assets at FVTPL</u>	<u>Financial Assets at FVTOCI</u>	<u>Total</u>
Balance on January 1, 2024	\$ 134,679	42,004	176,683
Total profit or loss			
Recognized in profit or loss	(116,457)	-	(116,457)
Recognized in other comprehensive income	-	1,734	1,734
Purchases	24,000	-	24,000
Effects of changes in foreign exchange rates	-	94	94
Balance on June 30, 2024	<u>\$ 42,222</u>	<u>43,832</u>	<u>86,054</u>
Balance on January 1, 2023	\$ 147,639	52,938	200,577
Total profit or loss			
Recognized in profit or loss	9,727	-	9,727
Purchases	17,400	-	17,400
Effects of changes in foreign exchange rates	-	(110)	(110)
Balance on June 30, 2023	<u>\$ 174,766</u>	<u>52,828</u>	<u>227,594</u>

The aforementioned total profit or loss are reported under “Other Profit and Loss” and “Unrealized Valuation Profit (Loss) of Financial Assets Measured at FVTOCI”. Among them, those related to the assets still held on June 30, 2024 and 2023 are as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Total profit or loss				
Recognized in profit or loss (reported in “Profit (Loss) of Financial Assets (liabilities) at FVTPL”)	\$ (121,356)	4,567	(116,457)	9,727
Recognized in other comprehensive income (reported in “Unrealized Valuation Profit (Loss) of Financial Assets Measured at FVTOCI”)	1,734	-	1,734	-

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

Those of the Group at fair value classified as Level 3 are mainly financial assets at FVTPL - equity securities investments, derivative financial instruments, private equity fund investments, and financial assets at FVTOCI - equity securities investments.

The majority of the fair values within the Group are classified as Level 3, having only a single significant unobservable input. However, investments in equity instruments without an active market have multiple significant unobservable inputs. These significant unobservable inputs for equity investments without an active market are independent of each other, so no correlations exist between them.

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at FVTOCI – equity instruments without an active market	Discounted Cash Flow Method	<ul style="list-style-type: none"> • Lack of market liquidity discount (20%~45% as of June 30, 2024, December 31, 2023 and June 30, 2023) 	<ul style="list-style-type: none"> • Lack of market liquidity The higher the discount, the lower the fair value
Financial assets at FVTPL - redemption right of convertible bonds	1. Option Pricing Model 2. Probability-Weighted Expected Return Method	<ul style="list-style-type: none"> • Volatility rate (59.1% at December 31, 2023) • Risk-adjusted discount rate (1.73%~11.7% at June 30, 2023) 	<ul style="list-style-type: none"> • The higher the volatility rate, the higher the fair value • The lower the risk-adjusted discount rate, the higher the fair value
Financial assets at FVTPL - partnership	Net assets value limited method	• Net assets value	• The higher the net assets value, the higher the fair value

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

7) For fair value in level 3, sensitivity analysis of fair value to reasonably possible alternative assumptions

The Group's fair value of financial instruments is reasonable, but using different valuation models or valuation techniques may lead to different valuation results. For financial instruments classified as level 3, the impact on current profit and loss or other comprehensive income due to changes in valuation techniques is as follows:

	Inputs		Up or down Changes	Changes in fair value reflected in current profit and loss		Changes in fair value reflected in other comprehensive income	
				Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
June 30, 2024							
Financial assets at FVTPL							
Limited partnership	Net assets value		1%	422	(422)	-	-
Financial assets at FVTOCI							
Investment in equity instruments without an active market	Discounted Flow Method	Cash	1%	-	-	438	(438)
December 31, 2023							
Financial assets at FVTPL							
Convertible bonds	Discounted Flow Method	Cash	1%	1,181	(1,181)	-	-
Limited partnership	Net assets value		1%	166	(166)	-	-
Financial assets at FVTOCI							
Investment in equity instruments without an active market	Discounted Flow Method	Cash	1%	-	-	420	(420)
June 30, 2023							
Financial assets at FVTPL							
Convertible bonds	Discounted Flow Method	Cash	1%	1,557	(1,557)	-	-
Limited partnership	Net assets value		1%	191	(191)	-	-
Financial assets at FVTOCI							
Investment in equity instruments without an active market	Discounted Flow Method	Cash	1%	-	-	538	(538)

(ac) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(ai) of the consolidated financial statements for the year ended December 31, 2023.

(ad) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2023. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2023. Please refer to Note 6(ah) of the consolidated financial statements for the year ended December 31, 2023 for further details.

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(ae) Liabilities adjustments of financing activities

The Group's financing activities which did not affect the current cash flow in the six months ended June 30, 2024 and 2023 were as follows:

(i) Acquired right-of-use assets through leasing, please refer to Note 6(1).

(ii) The adjustments from the financing activities are as follows:

	January 1, 2024	Cash Flows	Non-cash changes				Exchange Rate Changes	June 30, 2024
			Transfer of Other payables	New Leases	Lease Termination			
Short-term borrowings	\$ 2,118,015	(212,962)	-	-	-	2,217	1,907,270	
Bonds payable	1,200	-	(1,200)	-	-	-	-	
Long-term borrowings	2,215,329	(63,098)	-	-	-	8,471	2,160,702	
Guarantee deposits received	1,715	(167)	-	-	-	51	1,599	
Leasing liabilities (including current and non-current)	25,539	(8,852)	-	46,405	(2,875)	943	61,160	
Total liabilities from financing activities	<u>\$ 4,361,798</u>	<u>(285,079)</u>	<u>(1,200)</u>	<u>46,405</u>	<u>(2,875)</u>	<u>11,682</u>	<u>4,130,731</u>	

	January 1, 2023	Cash Flows	Non-cash changes				Exchange Rate Changes	June 30, 2023
			Transfer of Other payables	New Leases	Lease Termination			
Short-term borrowings	\$ 2,390,915	(494,494)	-	-	-	(4,788)	1,891,633	
Bonds payable	1,398,537	-	(983,453)	-	9,659	-	424,743	
Long-term borrowings	1,702,749	151,154	-	-	-	2,131	1,856,034	
Guarantee deposits received	3,140	(1,443)	-	-	-	(7)	1,690	
Leasing liabilities (including current and non-current)	40,230	(13,008)	-	7,501	-	1,581	36,304	
Total liabilities from financing activities	<u>\$ 5,535,571</u>	<u>(357,791)</u>	<u>(983,453)</u>	<u>7,501</u>	<u>9,659</u>	<u>(1,083)</u>	<u>4,210,404</u>	

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(7) Related-Party Transactions

(a) Names and relationship with related parties

During the period covered by the Consolidated Financial Statements, the related parties that had transactions with the Corporation are as follows:

<u>Name of Related Party</u>	<u>Relationship with the Corporation</u>
Morsel Inc.	Associate of the Corporation
Houli Construction Co., Ltd.	Director of the Company as the responsible person of that company (Note)
Liu ○○	Key management personnel of the subsidiary

Note: The director of Houli Construction Co., Ltd. is no longer the director of the Corporation since May, 2023.

(b) Significant transactions with related parties

(i) Payables to related parties

Payables of the Group from related parties were as follows:

<u>Item</u>	<u>Related Parties</u> <u>Category</u>	<u>December 31,</u>		
		<u>June 30, 2024</u>	<u>2023</u>	<u>June 30, 2023</u>
Other payables (including current and non-current)	Associates	<u>\$ 10,384</u>	<u>15,967</u>	<u>22,421</u>

(ii) Property transactions

1) Purchase of property, plant and equipment

The total acquisition price paid by the Group to related parties for property, plant and equipment is as follows:

	<u>For the six months ended</u>	
	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Other related parties	<u>\$ -</u>	<u>50,550</u>

2) Acquisition of other intangible assets

The total acquisition price of other intangible assets paid by the Group to related parties is as follows:

	<u>For the six months ended</u>	
	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Other related parties	<u>\$ -</u>	<u>20,139</u>

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(iii) Loans from related parties

The amount of loans borrowed by the Group from related parties is as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Other related parties	<u>\$ -</u>	<u>-</u>	<u>8,816</u>

The loans from related parties to the consolidated company are interest-bearing at the average short-term borrowing rate from financial institutions for the respective year in which the funds were disbursed by the related parties, and all loans are unsecured.

(c) Key management personnel remuneration

Key management personnel remuneration comprised:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Short-term employee \$	29,623	25,739	58,846	55,514
benefits				
Post-employment	295	283	572	565
benefits				
	<u>\$ 29,918</u>	<u>26,022</u>	<u>59,418</u>	<u>56,079</u>

(8) Pledged Assets

The carrying amounts of assets pledged as collateral provided by the Corporation are as follows:

Name of Assets	Underlying Pledged Collateral	June 30, 2024	December 31, 2023	June 30, 2023
Property, plant and equipment	Bank loan	\$ 1,972,715	2,230,810	2,018,903
Right-of-use assets	Bank loan	262,662	263,819	261,155
Pledge deposits - current	Bank loan and bonds payable	14,225	23,390	157,924
Investment properties	Bank loan	15,321	18,690	19,129
		<u>\$ 2,264,923</u>	<u>2,536,709</u>	<u>2,457,111</u>

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(9) Commitments and contingencies

The unrecognized contractual commitments of the purchase of property, plant and equipment are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Acquisition of property, plant and equipment	\$ 172,122	426,471	132,586

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other

(a) The summary of employee benefits, depreciation, depletion, and amortization expenses by function is as follows:

Function Nature	For the three months ended June 30, 2024			For the three months ended June 30, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	59,317	150,484	209,801	40,851	127,590	168,441
Labor and health insurance	7,897	24,132	32,029	7,485	5,274	12,759
Pension	2,253	5,055	7,308	2,182	5,144	7,326
Others	2,643	3,729	6,372	2,248	6,398	8,646
Depreciation	18,965	27,739	46,704	22,893	23,245	46,138
Depletion	-	-	-	-	-	-
Amortization	786	20,010	20,796	-	20,889	20,889

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

Function Nature	For the six months ended June 30, 2024			For the six months ended June 30, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	123,456	310,707	434,163	107,264	339,278	446,542
Labor and health insurance	16,405	50,244	66,649	12,850	22,945	35,795
Pension	4,788	10,319	15,107	4,519	10,272	14,791
Others	5,584	7,838	13,422	4,412	12,105	16,517
Depreciation	38,114	51,513	89,627	45,137	46,375	91,512
Depletion	-	-	-	-	-	-
Amortization	1,127	40,059	41,186	-	40,944	40,944

(b) Seasonality of operations:

The Group's operations were not affected by seasonality or cyclicity factors.

(13) Other Disclosures

(a) Information on significant transactions

The following were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the six months ended June 30, 2024 as follows:

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(i) Loans to other parties:

Unit: NT\$ thousands

No.	Name of lender	Name of borrower	Account name	Related Party	Highest balance of financing to other party during the Period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reason for short-term financing	Allowance for bad debts	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	Dyaco International Inc.	DYACO UK LIMITED	Other receivables from related parties	Yes	64,381	60,101	60,101	-	Business relationship	129,650	Business transaction	-	None	-	129,650	1,765,079
0	Dyaco International Inc.	SPIRIT MANUFACTURING INC	Other receivables from related parties	Yes	189,121	-	-	-	Business relationship	779,820	Business transaction	-	None	-	799,820	1,765,079
0	Dyaco International Inc.	Fitness Equipment Service, LLC	Other receivables from related parties	Yes	712,749	529,400	529,400	-	Business relationship	1,432,187	Business transaction	-	None	-	1,432,187	1,765,079
0	Dyaco International Inc.	SPIRIT DIRECT LLC	Other receivables from related parties	Yes	53,533	53,533	53,533	-	Business relationship	49,660	Business transaction	-	None	-	49,660	1,765,079
0	Dyaco International Inc.	City Sport Co., Ltd	Other receivables from related parties	Yes	53,202	35,468	35,468	-	Short-term financing	-	Operating turnover	-	None	-	882,539	1,765,079
0	Dyaco International Inc.	Sweatband.com, Ltd	Other receivables from related parties	Yes	24,624	24,624	24,624	-	Short-term financing	-	Operating turnover	-	None	-	1,765,079	1,765,079
0	Dyaco International Inc.	Wing Long Co., Ltd.	Other receivables from related parties	Yes	11,000	5,000	3,000	-	Short-term financing	-	Operating turnover	-	None	-	1,765,079	1,765,079
0	Dyaco International Inc.	IUVO Industry Co., Ltd.	Other receivables from related parties	Yes	60,000	60,000	38,000	-	Short-term financing	-	Operating turnover	-	None	-	1,765,079	1,765,079
1	Fuel Spirit International Inc.	Dyaco International Inc.	Other receivables from related parties	Yes	64,900	64,900	-	-	Short-term financing	-	Operating turnover	-	None	-	89,220	89,220
1	Fuel Spirit International Inc.	City Sport Co., Ltd	Other receivables from related parties	Yes	17,848	17,848	5,127	-	Short-term financing	-	Operating turnover	-	None	-	89,220	89,220
2	Cikayda Inc	IUVO Industry Co., Ltd.	Other receivables from related parties	Yes	6,500	6,500	6,500	-	Short-term financing	-	Operating turnover	-	None	-	6,668	6,668

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

Note 1: The method for filling in the number is as follows

1: «0» represents the parent company

2: Subsidiaries are sequentially numbered from 1 by company.

Note 2: The maximum loan amount of the Group is limited to 40% of the net value in the Group's most recent financial statement.

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: Loans between foreign companies in which this company directly or indirectly holds 100% of the voting shares, or loans from such foreign companies to this company, are limited to 80% of the net assets value of the lending company, both in total loan amount and the amount loaned to a single entity.

Note 5: For companies or firms that have business transactions with the Group, the individual loan amount shall not exceed the amount of business transactions between the two parties. The "amount of business transaction" refers to the higher amount among the purchase or sales amounts between the two parties.

Note 6: For companies, other companies, or firms in which the Corporation holds more than 50% of the shares and has a need for short-term financing, the maximum loan amount shall not exceed 40% of the Corporation's net assets value. The individual loan amount, except for subsidiaries in which the Corporation directly or indirectly holds more than 90% of the ordinary share equity, shall not exceed 40% of the Corporation's net value. For others, it shall not exceed 20% of the Corporation's net assets value.

Note 7: The above transactions have already been offset during the preparation of the Consolidated Financial Statements.

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(ii) Guarantees and endorsements for other parties:

Unit: NT\$ thousands

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements During the Period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Amount of Property pledged on guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/guarantees to subsidiary	Subsidiary endorsements/guarantees to parent company	Endorsements/guarantees to the company in mainland China
		Name	Relationship										
0	Dyaco International Inc.	Wing Long Co., Ltd.	2	2,206,348	5,000	5,000	3,000	-	0.23%	2,206,348	Y	N	N
0	Dyaco International Inc.	IUVO Industry Co., Ltd.	2	2,206,348	50,000	50,000	50,000	-	2.27%	2,206,348	Y	N	N
1	President Plastic Productions MFG. Co., Ltd.	Dyaco International (Limited) Company	4	2,206,348	300,000	300,000	300,000	300,000	13.60%	2,206,348	N	Y	N

Note 1: «0» represents the parent company.

Note 2: The relationships with the Corporation are defined as follows:

1. Companies with business transactions.
2. A company that the Corporation directly and indirectly holds more than 50% of its voting shares.
3. Companies holding directly and indirectly more than 50% of the voting shares of the Corporation.
4. A company that the Corporation directly and indirectly holds more than 90% of its voting shares.
5. Companies that mutually insure each other based on contractual agreements due to the needs of the construction or co-builders.
6. A company guaranteed by all shareholders according to their shareholding ratio due to a joint investment relationship.
7. Joint guarantee for the pre-sale house sales contracts between companies in the same industry in accordance with Consumer Protection Act.

Note 3: Except for subsidiaries in which the parent company directly or indirectly holds more than 90% of the voting shares, where the endorsement/guarantee limit shall not exceed 50% of their net assets value, the endorsement/guarantee limit for individual entities shall not exceed 10% of their net assets value. The endorsement/guarantee limit for a subsidiary providing an endorsement/guarantee for its parent company shall not exceed 50% of the parent company's net assets value. Additionally, the total endorsement/guarantee limit shall not exceed 50% of the subsidiary's net assets value.

Note 4: The above transactions have already been offset during the preparation of the Consolidated Financial Statements.

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(iii) Securities held as of June 30, 2024 (excluding investments in subsidiaries, associates and joint ventures):

Unit: NT\$ thousands

Name of holder	Category and name of security	Relationship with company	Account	Ending balance			Notes
				Shares	Carrying Amount	Percentage of Ownership	
Dyaco International Inc.	Stock – Energy Moana Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI) – non-current	300,000.00	1,125	0.73 %	1,125
"	Stock – Firenze Cultural Exchange International Co., Ltd.	-	"	750,000.00	7,474	- %	7,474
"	Stocks – Inalways Corporation	-	"	588,000.00	11,378	- %	11,378
"	Stock – Uniigym Global Holdings Limited.	-	"	250,000.00	5,186	- %	5,186
"	Stock – Gomore Inc.	-	"	50,433,730.00	26,480	- %	26,480
"	Limited Partnership – Changneng Capital Limited Partnership	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	42,222	- %	42,222
"	Convertible bonds – Morsel	-	"	-	-	- %	-
"	Convertible bonds – 2-year financial debentures of Mega International Commercial Bank	-	Financial assets at amortized cost – current and non-current	-	8,112	- %	8,112
"	Convertible bonds – 2.5-year financial debentures of Mega International Commercial Bank	-	"	-	6,490	- %	6,490
"	Convertible bonds – 8-year financial debentures of Mega International Commercial Bank	-	"	-	11,358	- %	11,358
"	Convertible bonds – 12-year financial debentures of Mega International Commercial Bank	-	"	-	12,980	- %	12,980
Dyaco (Shanghai) Trading Co., Ltd.	Stock – Beijing Huoli Zhenghe Intelligent Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI) – non-current	-	3,567	- %	3,567

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

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Unit: NT\$ thousands

Name of the company	Name of property	Transaction Date	Transaction Amount	Status of payment	Counter-party	Relationship	Previous transfer information with related parties		Transaction date	Amount	Price reference	Purpose of purchases	Other terms
							Possessor	Relationship with the Issuer					
Dyaco International (Limited) Company	Yihe Section, Dajia District, Taichung City	June 4, 2024	538,065 (Note)	-	IUVO (Co., Ltd.)	Related party	Natural person	Non-related parties	December, 2021	333,000	Dyaco International (Limited) Company	Yihe Section, Dajia District, Taichung City	June 4, 2024

Note: The transaction amount includes the amount estimated based on the progress schedule of unfinished projects as appraised by the Corporation. The above transactions have already been offset during the preparation of the Consolidated Financial Statements.

(vi) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital:

Unit: NT\$ thousands

Name of the company	Name of the property	Transaction Date	Original acquisition date	Carrying amount	Transaction amount	Amount actually received	Gain (loss) on disposal	Counter-party	Relationship	Purpose of disposal	Price reference	Other terms
IUVO (Co., Ltd.)	Yihe Section, Dajia District, Taichung City	June 4, 2024	June 4, 2024	335,798	538,065 (Note)	-	-	Dyaco International (Limited) Company	Related person	Group business assets integration plan	Appraisal	-

Note: The transaction amount includes the amount estimated based on the progress schedule of unfinished projects as appraised by the Corporation. The above transactions have already been offset during the preparation of the Consolidated Financial Statements.

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

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

Unit: NT\$ thousands

Purchaser (seller)	Related party	Relationship	Transaction				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note Amount
			Purchase (Sales)	Amount	Ratio of total purchases (sales)	Credit term	Unit Price	Credit period	Balance	Purchase (Sales)	
Dyaco International Inc.	Fitness Equipment Services, LLC	parent-subsubsidiary	Sales	630,679	42.24 %	Irregular payment	Agreements of Both parties	Irregular payment	806,652	59.50%	Note1
Dyaco International Inc.	Spirit Manufacturing Inc.	parent-subsubsidiary	Sales	339,893	22.76 %	"			348,625	25.71%	Note1
Dyaco International Inc.	Shelton Corporation (Jiaxing), Ltd.	parent-subsubsidiary	Purchase	451,296	46.94 %	"			(615,080)	65.15%	
Fitness Equipment Services, LLC	Dyaco International Inc.	Ultimate parent	Purchase	630,679	2.81 %	"	"	"	(806,652)	1.26%	
Spirit Manufacturing Inc.	Dyaco International Inc.	Ultimate parent	Purchase	339,893	38.56 %	"	"	"	(348,625)	1.75%	
Shelton Corporation (Jiaxing), Ltd.	Dyaco International Inc.	Ultimate parent	Sales	451,296	63.02 %	"	"	"	615,080	71.26%	

Note 1: Amounts not included are receivables that exceed the normal credit period and have been reclassified as other receivables.

Note 2: The above transactions have already been offset during the preparation of the Consolidated Financial Statements.

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

Unit: NT\$ thousands

Company recorded as receivable	Related party	Relationship	Ending balance	Turnover Rate	Overdue receivables		Amount received in subsequent period	Loss allowance
					Amount	Collection status		
Dyaco International Inc.	Fitness Equipment Services, LLC	Second-tier subsidiary	1,793,549	43.11%	96,309	Note 1	Note 1	Note 1
"	Spirit Manufacturing Inc.	Parent-subsubsidiary	601,318	43.11%	80,117	Note 1	Note 1	Note 1
Shelton Corporation (Jiaxing), Ltd.	Dyaco International Inc.	Ultimate parent	615,080	77.15%	187,701	Note 1	Note 1	Note 1

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 June 30, 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.

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

Note 3: The above transactions have already been offset during the preparation of the Consolidated Financial Statements.

(ix) Trading in derivative instruments: None.

(x) Intercompany relationships and significant intercompany transactions:

Unit: NT\$ thousands

No.	Company name	Counter Party	Relationships	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	Dyaco International Inc.	Spirit Direct, LLC.	1	Sales	8,696	Agreements of both parties	- %
"	"	"	1	Other operating revenue	2,937	"	- %
"	"	"	1	Accounts receivable	12,314	"	- %
"	"	"	1	Other receivables	70,104	"	1%
"	"	Fuel-Spirit International Inc.	1	Sales	16,215	"	- %
"	"	"	1	Other operating revenue	21	"	- %
"	"	"	1	Accounts receivable	2,859	"	- %
"	"	"	1	Other receivables	7,045	"	- %
"	"	"	1	Other payables	8,921	"	- %
"	"	Dyaco Japan Co., Ltd.	1	Sales	5,231	"	- %
"	"	"	1	Other operating revenue	38	"	- %
"	"	"	1	Accounts receivable	7,581	"	- %
"	"	"	1	Other receivables	29,765	"	- %
"	"	Dyaco (Shanghai) Trading Co., Ltd.	1	Sales	27,316	"	1%
"	"	"	1	Other operating revenue	71	"	- %
"	"	"	1	Accounts receivable	8,414	"	- %
"	"	"	1	Other receivables	2	"	- %
"	"	Spirit Manufacturing Inc.	1	Sales	339,893	"	10%
"	"	"	1	Other operating revenue	11,891	"	- %
"	"	"	1	Accounts receivable	348,625	"	3%
"	"	"	1	Other receivables	252,693	"	2%
"	"	Dyaco Canada Inc.	1	Sales	72,419	"	2%
"	"	"	1	Other operating revenue	2,416	"	- %
"	"	"	1	Accounts receivable	19,169	"	- %
"	"	"	1	Other receivables	2,570	"	- %
"	"	"	1	Accounts payable	104	"	- %
"	"	Dyaco Europe GmbH	1	Sales	5,047	"	- %
"	"	"	1	Other operating revenue	750	"	- %

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

No.	Company name	Counter Party	Relationships	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
"	"	"	1	Other receivables	6,538	"	- %
"	"	"	1	Accounts payable	24	"	- %
"	"	"	1	Other payables	8,715	"	- %
"	"	Daan Health Management Consulting Co., Ltd.	1	Rental income	12	"	- %
"	"	Shelton Corporation (Jiaxing), Ltd.	1	Cost of goods sold	451,296	"	14%
"	"	"	1	Other receivables	15,651	"	- %
"	"	"	1	Accounts payable	615,231	"	6%
"	"	Dyaco UK Ltd.	1	Sales	54,238	"	2%
"	"	"	1	Other operating revenue	534	"	- %
"	"	"	1	Accounts receivable	64,601	"	1%
"	"	"	1	Other receivables	98,777	"	1%
"	"	Wing Long Co., Ltd.	1	Sales	5,714	"	- %
"	"	"	1	Accounts receivable	3,000	"	- %
"	"	"	1	Other receivables	5,890	"	- %
"	"	"	1	Other payables	6	"	- %
"	"	Cardio Fitness GmbH&Co KG	1	Sales	2,008	"	- %
"	"	"	1	Other operating revenue	42	"	- %
"	"	"	1	Accounts receivable	1,764	"	- %
"	"	Sole Inc.	1	Other receivables	300	"	- %
"	"	Fitness Equipment Services LLC.	1	Sales	630,679	"	19%
"	"	"	1	Other operating revenue	237	"	- %
"	"	"	1	Accounts receivable	806,652	"	7%
"	"	"	1	Other receivables	986,896	"	9%
"	"	President Plastic Products MFG. Co., Ltd.	1	Accounts payable	3,100	"	- %
"	"	"	1	Guarantee deposits paid	900	"	- %
"	"	President Plastic Products MFG. Co., Ltd.	1	Lease liabilities	3,817	"	- %
"	"	"	1	Right-of-use assets	3,612	"	- %
"	"	"	1	Interest expenses	27	"	- %
"	"	"	1	Depreciation expenses	258	"	- %
"	"	Cikayda Inc	1	Accounts payable	70	"	- %
"	"	"	1	Other accounts payable	1,690	"	- %
"	"	"	1	Rental income	200	"	- %

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

No.	Company name	Counter Party	Relationships	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
"	"	Sweatband.com Ltd	1	Sales	3,441	"	- %
"	"	"	1	Other operating revenue	490	"	- %
"	"	"	1	Accounts receivable	5,960	"	- %
"	"	"	1	Other receivables	24,624	"	- %
"	"	Citysports (THAILAND) CO., LTD.	1	Sales	2,786	"	- %
"	"	"	1	Other operating revenue	327	"	- %
"	"	"	1	Accounts receivable	5,173	"	- %
"	"	"	1	Other receivables	36,917	"	- %
"	"	IUVO Industry Co., Ltd.	1	Other receivables	38,000	"	- %
"	"	"	1	Accounts payable	874	"	- %
1	Fuel-Spirit International Inc.	Citysports (THAILAND) CO., LTD.	3	Accounts receivable	2,527	"	- %
2	Spirit Manufacturing Inc.	Fitness Equipment Services LLC.	3	Sales	8,891	"	- %
"	"	"	3	Accounts receivable	18,537	"	- %
"	"	Dyaco Canada Inc.	3	Sales	6,654	"	- %
"	"	"	3	Accounts receivable	1,869	"	- %
3	Cardio Fitness GmbH&Co.KG	Dyaco UK Ltd.	3	Sales	1,883	"	- %
4	Dyaco Europe GmbH	Cardio Fitness GmbH&Co KG	3	Sales	3,946	"	- %
"	"	"	3	Accounts receivable	50,034	"	- %
"	"	Dyaco UK Ltd.	3	Sales	4,362	"	- %
"	"	"	3	Accounts receivable	7,479	"	- %
"	"	Sweatband.com Ltd	3	Sales	1,049	"	- %
5	Shelton Corporation (Jiaxing), Ltd.	Fuel-Spirit International Inc.	3	Sales	58,834	"	2%
"	"	"	3	Accounts receivable	40,170	"	- %
"	"	"	3	Other receivables	26	"	- %
"	"	Dyaco (Shanghai) Trading Co., Ltd.	3	Sales	23,152	"	1%
"	"	"	3	Accounts receivable	17,195	"	- %
6	Dyaco UK Ltd.	Dyaco Europe GmbH	3	Sales	4,838	"	- %
"	"	"	3	Accounts receivable	7,749	"	- %
"	"	Sweatband.com Ltd	1	Sales	16,512	"	1%
"	"	Cardio Fitness GmbH&Co KG	3	Sales	44	"	- %
"	"	"	3	Accounts receivable	378	"	- %
7	Fitness Equipment Services LLC.	Spirit Manufacturing Inc.	3	Accounts receivable	8,223	"	- %

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

No.	Company name	Counter Party	Relationships	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
8	Cikayda Inc	IUVO Industry Co., Ltd.	3	Other receivables	6,500	"	- %
9	Neutron Ventures Ltd	Sweatband.com Ltd	2	Other receivables	21	"	- %
10	Interactive Online Commerce Ltd	Neutron Ventures Ltd	1	Other receivables	8,955	"	- %
11	Neutron Ventures Poland S.p.Z.o.o	Sweatband.com Ltd	3	Sales	10,250	"	- %
"	"	"	3	Other receivables	2,418	"	- %
12	Sweatband.com Ltd	Interactive Online Commerce Ltd	2	Other receivables	8,735	"	- %
"	"	Dyaco UK Ltd.	2	Sales	6,043	"	- %
"	"	Dyaco Europe GmbH	3	Accounts receivable	2,340	"	- %
"	"	Cardio Fitness GmbH&Co KG	3	Sales	4,947	"	- %

Note 1: Information on business transactions between the parent company and subsidiaries should be indicated separately in the number column. Companies are numbered as follows:

1. "0" represents the parent company
2. Subsidiaries are sequentially numbered from 1 by company.

Note 2: Transactions are categorized as follows : (if it is the same transaction between the parent and subsidiary or between subsidiaries, there is no need to repeat disclose. For example: transactions from the parent company to the subsidiary, if the parent company has disclosed, then the subsidiary does not need to disclose repeatedly; transactions from subsidiary to subsidiary, if one subsidiary has disclosed, then the other subsidiary does not need to disclose repeatedly):

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

Note 3: 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 period to the consolidated total sales.

Note 4: The significant transactions in this table may be disclosed by the Corporation based on the principle of materiality.

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(b) Information on investees:

From January 1 to June 30, 2024, the information of the Corporation's investment business is as follows (excluding invested companies in China):

Unit: NT\$ thousands

Investor Company	Investee Company	Location	Main Businesses and Products	Initial Investment		Ending balance			Net income (loss) of investee company	Investment income (loss) recognized	Note
				June 30, 2024	December 31, 2023	Number of Shares (In Thousands)	%	Carrying Amount			
Dyaco International Inc.	Dyaco International Holding Limited	Hong Kong	Investment	399,037	505,957	12,615,463	100.00%	1,025,618	13,166	13,166	
Dyaco International Inc.	Dyaco Europe GmbH	Germany	Import, export and selling	545,860	545,860	-	100.00%	122,902	(41,535)	(41,535)	
Dyaco International Inc.	Daan Health Management Consulting Co., Ltd.	Taiwan	Rental of medical equipment	10,010	10,010	1,000,000	100.00%	8,976	76	76	
Dyaco International Inc.	Dyaco Japan Co., Ltd.	Japan	Import, export and selling	72,964	72,964	210,020	100.00%	20,490	(12,625)	(12,625)	
Dyaco International Inc.	Wing Long Co., Ltd.	Taiwan	Import, export and selling	25,000	25,000	2,500,000	100.00%	3,982	(976)	(976)	
Dyaco International Inc.	Dyaco UK Ltd.	United Kingdom	Import, export and selling	353,080	349,656	3,137,169	99.11%	83,053	(44,075)	(43,653)	
Dyaco International Inc.	SOLE INC.	United States	Investment	1,642,867	1,642,867	-	100.00%	617,643	(62,658)	(74,359)	
Dyaco International Inc.	President Plastic Productions MFG. Co., Ltd.	Taiwan	Rental of property	286,640	286,640	391,000	100.00%	288,925	162	161	
Dyaco International Inc.	Cikayda Inc. Global Technology (Stock) Company	Taiwan	Manufacturing and selling	20,000	20,000	2,000,000	100.00%	16,671	(625)	(625)	
Dyaco International Inc.	CITY SPORTS(THAILAND)CO., LTD	Thailand	Fitness equipment selling	12,786	12,786	176,000	44.00%	(5,982)	(8,694)	(3,923)	
Dyaco International Inc.	Morsel Inc.	United States	Intelligent fitness content production company	32,450	32,450	909,090	11.00%	-	-	-	Note 2
Dyaco International Inc.	Spirit Manufacturing Inc.	United States	Import, export and selling	395,566	288,481	1,668	100.00%	343,654	(9,622)	(9,622)	
Dyaco International Inc.	Dyaco Canada Inc.	Canada	Import, export and selling	293,945	293,945	1,000	100.00%	240,049	(6,621)	(6,621)	
Dyaco International Inc.	Hongda Xin Projection Industry (Co., Ltd.)	Taiwan	Film and television industry investment	4,000	4,000	400,000	40.00%	3,626	(217)	(89)	
Dyaco International Inc.	Iuvo Industry Co., Ltd	Taiwan	Electric-assisted bicycle manufacturer	125,000	125,000	18,300,000	91.50%	99,646	(19,803)	(18,579)	
Dyaco Europe GmbH.	CARDIO fitness GmbH & Co KG	Germany	Import, export and selling	281,012	281,012	-	100.00%	908	(40)	(40)	
Dyaco Europe GmbH.	CARDIO fitness Verwaltungen GmbH	Germany	Investment	1,007	1,007	-	100.00%	10,415	(28,961)	(28,961)	
SOLE INC.	Fitness Equipment Services, LLC	United States	Import, export and selling	68,145	68,145	-	100.00%	(200,047)	(68,400)	(68,400)	
Dyaco International Holding Limited	Fuel-Spirit International Inc	Mauritius	Import, export and selling	82,697	189,782	5,848,450	100.00%	870,998	127,114	127,114	

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

Investor Company	Investee Company	Location	Main Businesses and Products	Initial Investment		Ending balance			Net income (loss) of investee company	Investment income (loss) recognized	Note
				June 30, 2024	December 31, 2023	Number of Shares (In Thousands)	%	Carrying Amount			
Spirit Manufacturing Inc.	Spirit Direct, LLC	United States	Import, export and selling	64,900	64,900	-	100.00%	(25,272)	(7,890)	(7,890)	
Dyaco UK Ltd.	Neutron Ventures Ltd	United Kingdom	Investment	140,726	140,726	308,070	100.00%	87,723	(34,792)	(36,938)	
Neutron Ventures Ltd	Interactive Online Commerce Ltd	United Kingdom	Investment	185,993	185,993	-	100.00%	33,943	(34,272)	(34,272)	
Neutron Ventures Ltd	Neutron Ventures Poland S.p.Z.o.o	Poland	Service industry	1	1	-	100.00%	(511)	(511)	(511)	
Interactive Online Commerce Ltd	Sweatband.com Ltd	United Kingdom	Sporting goods selling	184,844	184,844	-	100.00%	33,724	(34,272)	(34,272)	

Note 1: The above equity investments belong to subsidiaries have already been offset during the preparation of Consolidated Financial Statements.

Note 2: 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.

(c) Investment in Mainland China:

(i) Information on any investee company in China, showing the name, principal business activities, etc.:

Unit: NT\$ thousands

Investee Company	Main Businesses and Products	Total amount Paid-in Capital	Method of Investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated Outflow of investment from Taiwan as of June 30, 2024	Net income(Loss) of investee company	Percentage of Ownership	Investment Income (Loss) recognized	Carrying Amount as of June 30, 2024	Accumulated amount of investment remitted back to Taiwan as of June 30, 2024
					Outward	Inward						
Dyaco (Shanghai) Trading Co., Ltd.	Import, export and selling	97,350	Note 1	97,350	-	-	97,350	4,489	100.00%	4,489	132,884	-
Shelton Corporation (Jiaxing), Ltd.	Manufacturing and selling	610,060	Note 1	708,384	-	-	708,384	(9,443)	60.00%	(9,443)	803,323	-
Kerr (Shanghai) Rehabilitation Technology Development Co., Ltd.	Healthcare management consulting	97,350	Note 2	-	-	-	-	(204)	40.00%	(82)	2,643	-

Note 1: To invest in a company in China, the Corporation has established a company in third region.

Note 2: The Corporation reinvests through the investee companies in China.

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(ii) Limitation on investment in mainland China:

Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Ceiling on Investment in Mainland China Imposed by The Investment Commission of MOEA
748,251	748,251	-

Note: 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.

(iii) Significant transactions with investee companies in China:

For significant direct or indirect transactions with the invested company in China from January 1 to June 30, 2024 (which have been offset when preparing the consolidated financial statements), please refer to Note 13(1) "Significant Transactions".

(d) Information of major shareholders:

Unit: Shares

Name of Major Shareholder	Shares	Number of Shares	Percentage of Ownership
Guang-Ying Limited		10,346,727	6.48%
ChuanFeng 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.

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(14) Segment Information

The Group's operating segment information and reconciliation are as follows:

For the three months ended June 30, 2024	Asia	Americas	Europe	Adjustment/ Eliminations	Total
Revenue:					
Revenues from external customers	\$ 317,407	986,731	195,149	-	1,499,287
Intersegment revenues	978,915	9,044	17,148	(1,005,107)	-
Total	\$ 1,296,322	995,775	212,297	(1,005,107)	1,499,287
Segment income (loss)					
(Before Tax) to be reported	\$ (67,777)	(14,938)	(45,649)	(7,470)	(135,834)
For the three months ended June 30, 2023					
Revenue:					
Revenues from external customers	\$ 91,668	1,194,537	213,532	-	1,499,737
Intersegment revenues	1,301,443	4,659	(1,174)	(1,304,928)	-
Total	\$ 1,393,111	1,199,196	212,358	(1,304,928)	1,499,737
Segment income (loss)					
(Before Tax) to be reported	\$ (5,946)	(99,933)	(54,278)	70,712	(89,445)

Dyaco International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

	<u>Asia</u>	<u>Americas</u>	<u>Europe</u>	<u>Adjustment/ Eliminations</u>	<u>Total</u>
For the six months ended					
June 30, 2024					
Revenue:					
Revenues from external customers	\$ 696,972	2,082,621	483,730	-	3,263,323
Intersegment revenues	<u>1,635,593</u>	<u>15,546</u>	<u>42,648</u>	<u>(1,693,787)</u>	<u>-</u>
Total	<u>\$ 2,332,565</u>	<u>2,098,167</u>	<u>526,378</u>	<u>(1,693,787)</u>	<u>3,263,323</u>
Segment income (loss)	<u>\$ 81,129</u>	<u>(87,435)</u>	<u>(85,494)</u>	<u>(17,563)</u>	<u>(109,363)</u>
(Before Tax) to be reported					
For the six months ended					
June 30, 2023					
Revenue:					
Revenues from external customers	\$ 460,397	2,820,216	464,685	-	3,745,298
Intersegment revenues	<u>2,137,916</u>	<u>13,658</u>	<u>38,062</u>	<u>(2,189,636)</u>	<u>-</u>
Total	<u>\$ 2,598,313</u>	<u>2,833,874</u>	<u>502,747</u>	<u>(2,189,636)</u>	<u>3,745,298</u>
Segment income (loss)	<u>\$ 135,773</u>	<u>(176,581)</u>	<u>(103,486)</u>	<u>(23,256)</u>	<u>(167,550)</u>
(Before Tax) to be reported					
Segment assets to be reported					
June 30, 2024	<u>\$ 12,220,932</u>	<u>3,393,709</u>	<u>629,264</u>	<u>(5,156,671)</u>	<u>11,087,234</u>
December 31, 2023	<u>\$ 6,712,085</u>	<u>3,853,384</u>	<u>723,705</u>	<u>-</u>	<u>11,289,174</u>
June 30, 2023	<u>\$ 7,611,143</u>	<u>3,626,366</u>	<u>1,091,506</u>	<u>-</u>	<u>12,329,015</u>
Segment liabilities to be reported					
June 30, 2024	<u>\$ 6,318,335</u>	<u>2,937,878</u>	<u>403,581</u>	<u>(3,374,771)</u>	<u>6,285,023</u>
December 31, 2023	<u>\$ 2,846,112</u>	<u>3,248,443</u>	<u>422,942</u>	<u>-</u>	<u>6,517,497</u>
June 30, 2023	<u>\$ 3,736,690</u>	<u>3,054,172</u>	<u>777,799</u>	<u>-</u>	<u>7,568,661</u>