

**DYACO INTERNATIONAL INC. AND
SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

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

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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.

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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 September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and Nine Months Ended September 30, 2024 and 2023, as well as changes in equity and cash flows for the Nine Months Ended September 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 people 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 September 30, 2024 and 2023, and of its consolidated financial performance for the three months and Nine Months Ended September 30, 2024 and 2023, and its consolidated cash flows for the Nine Months Ended September 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 Nine Months Ended September 30, 2023 were reviewed by another CPA firm, which issued a review report with a unqualified opinion on November 10, 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)

November 12, 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

September 30, 2024, December 31, and 30 September, 2023

(Expressed in Thousands of New Taiwan Dollars)

| ASSETS | | September 30, 2024 | | December 31, 2023 | | September 30, 2023 | | | | September 30, 2024 | | December 31, 2023 | | September 30, 2023 | |
|----------------------------|---|----------------------|------------|-------------------|------------|--------------------|------------|--------------|--|----------------------|------------|-------------------|------------|--------------------|------------|
| | | Amount | % | Amount | % | Amount | % | | | Amount | % | Amount | % | Amount | % |
| CURRENT ASSETS: | | | | | | | | | | | | | | | |
| 1100 | Cash and cash equivalent (Note 6(a)) | \$ 846,105 | 8 | 1,158,512 | 10 | 854,642 | 8 | 2100 | Short-term borrowings (Notes 6(o) and 8) | \$ 1,860,108 | 17 | 2,118,015 | 19 | 1,918,617 | 17 |
| 1110 | Financial assets at fair value through profit or loss (Note 6(b)) | 44,049 | - | 16,555 | - | 16,848 | - | 2130 | Contract liabilities (Note 6(y)) | 80,638 | 1 | 145,721 | 1 | 188,363 | 2 |
| 1136 | Financial assets at amortized cost (Note 6(d)) | 10,844 | - | 83,095 | 1 | 86,523 | 1 | 2150 | Notes payable | 52,888 | - | 43,705 | 1 | 48,369 | - |
| 1150 | Notes receivable (Note 6(e) and (y)) | 2,929 | - | 984 | - | 2,112 | - | 2170 | Accounts payable | 963,953 | 9 | 941,012 | 8 | 1,038,846 | 9 |
| 1170 | Accounts receivable (Notes 6(e) and (y)) | 870,428 | 8 | 1,071,044 | 9 | 879,355 | 8 | 2200 | Other payables | 390,906 | 4 | 457,690 | 4 | 435,486 | 4 |
| 1200 | Other receivables (Note 6(f)) | 14,969 | - | 15,099 | - | 33,486 | - | 2220 | Other payables to related parties (Note 7) | - | - | 8,598 | - | 17,319 | - |
| 1220 | Current tax assets | 40,174 | - | 93,998 | 1 | 78,563 | 1 | 2230 | Current income tax liabilities | 3,415 | - | 7,066 | - | 80,975 | 1 |
| 130X | Inventories (Note 6(g)) | 2,399,933 | 23 | 2,474,495 | 22 | 2,898,540 | 25 | 2250 | Provisions | 13,290 | - | 12,044 | - | 14,797 | - |
| 1410 | Prepayments | 267,473 | 3 | 187,734 | 2 | 263,063 | 2 | 2280 | Lease liabilities (Note 6(r)) | 16,941 | - | 11,613 | - | 13,661 | - |
| 1470 | Other current assets (Note 8) | 17,602 | - | 12,395 | - | 23,599 | - | 2321 | Current portion of bonds payable (Notes 6(q) and 8) | - | - | 1,200 | - | 1,200 | - |
| | | 4,514,506 | 42 | 5,113,911 | 45 | 5,136,731 | 45 | 2322 | Current portion of long-term borrowings (Notes 6(p) and 8) | 240,947 | 3 | 296,527 | 3 | 295,680 | 3 |
| | | | | | | | | 2399 | Other current liabilities | 32,856 | - | 38,492 | - | 46,315 | - |
| | | | | | | | | | | 3,655,942 | 34 | 4,081,683 | 36 | 4,099,628 | 36 |
| NON-CURRENT ASSETS: | | | | | | | | | | | | | | | |
| 1510 | Financial assets at fair value through profit or loss (Note 6(b)) | - | - | 118,124 | 1 | 154,542 | 1 | 2540 | Long-term borrowings (Notes 6(p) and 8) | 1,894,619 | 18 | 1,918,802 | 17 | 1,988,916 | 17 |
| 1517 | Financial assets at fair value through other comprehensive income (Note 6(c)) | 55,273 | 1 | 50,970 | 1 | 65,703 | 1 | 2570 | Deferred tax liabilities | 420,143 | 4 | 423,526 | 4 | 455,572 | 4 |
| 1535 | Financial assets at amortized cost (Note 6(d)) | 37,980 | - | 6,141 | - | 6,454 | - | 2580 | Lease liabilities (Note 6(r)) | 39,226 | - | 13,926 | - | 16,181 | - |
| 1550 | Investments accounted for using equity method (Note 6(h)) | 6,240 | - | 6,368 | - | 6,535 | - | 2610 | Long-term payable | 45,290 | 1 | 58,829 | 1 | 82,686 | 1 |
| 1600 | Property, plant and equipment (Notes 6(k), 7 and 8) | 3,935,622 | 37 | 3,755,859 | 33 | 3,801,762 | 33 | 2622 | Other payables to related parties (Note 7) | - | - | 7,369 | - | 10,326 | - |
| 1755 | Right-of-use assets (Notes 6(l) and 8) | 321,057 | 3 | 286,306 | 3 | 297,775 | 3 | 2640 | Net defined benefit liabilities | 12,131 | - | 11,647 | - | 16,768 | - |
| 1760 | Investment properties (Notes 6(m) and 8) | 18,804 | - | 25,258 | - | 25,086 | - | 2645 | Guarantee deposits received | 1,686 | - | 1,715 | - | 1,733 | - |
| 1821 | Intangible assets (Notes 6(n) and 7) | 1,304,379 | 12 | 1,315,161 | 12 | 1,382,578 | 12 | | | 2,413,095 | 23 | 2,435,814 | 22 | 2,572,182 | 22 |
| 1840 | Deferred income tax assets | 495,151 | 5 | 493,769 | 4 | 603,811 | 5 | | Total liabilities | 6,069,037 | 57 | 6,517,497 | 58 | 6,671,810 | 58 |
| 1915 | Prepayments for equipment | 1,705 | - | 3,679 | - | 2,689 | - | 3110 | Ordinary shares | 1,671,420 | 15 | 1,596,097 | 14 | 1,596,097 | 14 |
| 1920 | Refundable deposits | 30,779 | - | 78,064 | 1 | 21,868 | - | 3200 | Capital surplus | 2,683,557 | 25 | 2,756,721 | 25 | 2,755,171 | 24 |
| 1990 | Other non-current assets (Note 8) | 5,640 | - | 35,564 | - | 8,668 | - | 3300 | Retained earnings | 350,105 | 3 | 555,650 | 5 | 549,974 | 5 |
| | | 6,212,630 | 58 | 6,175,263 | 55 | 6,377,471 | 55 | 3400 | Other equity interests | (29,906) | - | (125,684) | (1) | (30,158) | - |
| | | | | | | | | 3500 | Treasury shares | (408,690) | (3) | (408,690) | (4) | (408,690) | (4) |
| | | | | | | | | | Total equity attributable to owners of parent | 4,266,486 | 40 | 4,374,094 | 39 | 4,462,394 | 39 |
| | | | | | | | | 36XX | Non-controlling interests (Note 6(j)) | 391,613 | 3 | 397,583 | 3 | 379,998 | 3 |
| | | | | | | | | | Total equity | 4,658,099 | 43 | 4,771,677 | 42 | 4,842,392 | 42 |
| TOTAL | | \$ 10,727,136 | 100 | 11,289,174 | 100 | 11,514,202 | 100 | TOTAL | | \$ 10,727,136 | 100 | 11,289,174 | 100 | 11,514,202 | 100 |

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 Nine Months Ended September 30, 2024 and 2023

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

| | For the three months ended September 30 | | | | For the nine months ended September 30 | | | | |
|------|--|--------------|--------|-----------|--|-----------|--------|-----------|-----|
| | 2024 | | 2023 | | 2024 | | 2023 | | |
| | Amount | % | Amount | % | Amount | % | Amount | % | |
| 4000 | NET SALES REVENUE (Notes 6(y)) | \$ 1,586,368 | 100 | 1,665,463 | 100 | 4,849,691 | 100 | 5,410,761 | 100 |
| 5000 | OPERATING COST (Notes 6(g)) | 1,045,604 | 66 | 1,070,159 | 64 | 3,210,159 | 66 | 3,578,815 | 66 |
| 5950 | GROSS PROFIT | 540,764 | 34 | 595,304 | 36 | 1,639,532 | 34 | 1,831,946 | 34 |
| | OPERATING EXPENSES (Note 7): | | | | | | | | |
| 6100 | Marketing expenses | 353,112 | 22 | 393,681 | 23 | 1,095,268 | 23 | 1,426,132 | 26 |
| 6200 | General and administrative expenses | 234,006 | 15 | 197,454 | 12 | 682,089 | 14 | 594,141 | 11 |
| 6300 | Research and development expenses | 32,022 | 2 | 27,449 | 2 | 90,260 | 2 | 86,939 | 2 |
| 6450 | Expected credit (gain) loss (Note 6(e) and 28) | (7,776) | - | 78,374 | 5 | (27,221) | (1) | 47,657 | 1 |
| | Total operating expenses | 611,364 | 39 | 696,958 | 42 | 1,840,396 | 38 | 2,154,869 | 40 |
| | NET OPERATING LOSS | (70,600) | (5) | (101,654) | (6) | (200,864) | (4) | (322,923) | (6) |
| | NON-OPERATING INCOME AND EXPENSES (Note 6(aa)): | | | | | | | | |
| 7100 | Interest income | 5,602 | - | 2,828 | - | 9,942 | - | 9,328 | - |
| 7010 | Other income | 26,346 | 2 | 4,766 | - | 57,252 | 1 | 23,559 | - |
| 7020 | Other gain and loss | (72,972) | (4) | 87,716 | 5 | (40,563) | - | 169,037 | 3 |
| 7050 | Finance costs (Notes 6(q) and (r)) | (26,241) | (2) | (22,199) | (1) | (72,825) | (2) | (74,911) | (1) |
| 7370 | Share of profit (loss) of associates and joint ventures accounted for using equity method (Notes 6(h)) | (75) | - | (38) | - | (245) | - | (221) | - |
| | | (67,340) | (4) | 73,073 | 4 | (46,439) | (1) | 126,792 | 2 |
| | LOSS BEFORE INCOME TAX | (137,940) | (9) | (28,581) | (2) | (247,303) | (5) | (196,131) | (4) |
| 7950 | Add: INCOME TAX BENEFIT (EXPENSE)(Note 6(u)) | (418) | - | 24,147 | 2 | 22,102 | - | 60,204 | 1 |
| | NET LOSS | (138,358) | (9) | (4,434) | - | (225,201) | (5) | (135,927) | (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 | - | - | - | - | 4,145 | - | - | - |
| | Total Items that will not be reclassified subsequently to profit or loss | - | - | - | - | 4,145 | - | - | - |
| 8360 | Items that may be reclassified subsequently to profit or loss: | | | | | | | | |
| 8361 | Exchange differences on translating foreign operations | (6,443) | - | 87,583 | 5 | 108,833 | 2 | 94,571 | 2 |
| | Total items that may be reclassified subsequently to profit or loss | (6,443) | - | 87,583 | 5 | 108,833 | 2 | 94,571 | 2 |
| 8300 | OTHER COMPREHENSIVE INCOME (LOSS) (NET OF TAX) | (6,443) | - | 87,583 | 5 | 112,978 | 2 | 94,571 | 2 |
| | TOTAL COMPREHENSIVE INCOME (LOSS) | \$ (144,801) | (9) | 83,149 | 5 | (112,223) | (3) | (41,356) | (1) |
| | NET PROFIT (LOSS) ATTRIBUTABLE TO: | | | | | | | | |
| 8610 | Owners of the Corporation | \$ (132,093) | (9) | 24,936 | 2 | (205,545) | (5) | (124,722) | (3) |
| 8620 | Non-controlling interests | (6,265) | - | (29,370) | (2) | (19,656) | - | (11,205) | - |
| | | \$ (138,358) | (9) | (4,434) | - | (225,201) | (5) | (135,927) | (3) |
| | TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO: | | | | | | | | |
| 8710 | Owners of the Corporation | \$ (146,893) | (9) | 101,041 | 6 | (109,767) | (3) | (28,703) | (1) |
| 8720 | Non-controlling interests | 2,092 | - | (17,892) | (1) | (2,456) | - | (12,653) | - |
| | | \$ (144,801) | (9) | 83,149 | 5 | (112,223) | (3) | (41,356) | (1) |
| | EARNINGS (LOSS) PER SHARE (Note 6(x)) | | | | | | | | |
| 9750 | Basic Earnings (Loss) Per Share (New Taiwan Dollar) | \$ (0.84) | | 0.17 | | (1.30) | | (0.92) | |
| 9850 | Diluted Earnings (Loss) Per Share (New Taiwan Dollar) | | | \$ 0.16 | | | | | |

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 Nine Months Ended September 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 | 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 | Total | | | | |
| BALANCE AT JANUARY 1, 2023 | \$ 1,341,147 | 2,142,919 | 329,002 | 238,087 | 170,420 | 737,509 | (118,910) | (7,267) | (126,177) | (426,290) | 3,669,108 | 394,852 | 4,063,960 |
| Net loss | - | - | - | - | (124,722) | (124,722) | - | - | - | - | (124,722) | (11,205) | (135,927) |
| Other comprehensive income (loss) | - | - | - | - | - | - | 96,019 | - | 96,019 | - | 96,019 | (1,448) | 94,571 |
| Total comprehensive income (loss) | - | - | - | - | (124,722) | (124,722) | 96,019 | - | 96,019 | - | (28,703) | (12,653) | (41,356) |
| 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 | 572,332 | - | - | - | - | - | - | - | - | 822,332 | - | 822,332 |
| Organizations Reorganization | - | (702) | - | - | - | - | - | - | - | - | (702) | 702 | - |
| Treasury shares transferred to employees | - | (2,973) | - | - | - | - | - | - | - | 17,600 | 14,627 | - | 14,627 |
| Changes in percentage of ownership interests in subsidiaries | - | 3,321 | - | - | - | - | - | - | - | - | 3,321 | (3,321) | - |
| Issuance of ordinary shares under employee share options | 4,950 | 40,274 | - | - | - | - | - | - | - | - | 45,224 | 418 | 45,642 |
| BALANCE AT SEPTEMBER 30, 2023 | \$ 1,596,097 | 2,755,171 | 329,002 | 126,177 | 94,795 | 549,974 | (22,891) | (7,267) | (30,158) | (408,690) | 4,462,394 | 379,998 | 4,842,392 |
| BALANCE AT JANUARY 1, 2024 | \$ 1,596,097 | 2,756,721 | 329,002 | 126,177 | 100,471 | 555,650 | (103,756) | (21,928) | (125,684) | (408,690) | 4,374,094 | 397,583 | 4,771,677 |
| Net loss | - | - | - | - | (205,545) | (205,545) | - | - | - | - | (205,545) | (19,656) | (225,201) |
| Other comprehensive income (loss) | - | - | - | - | - | - | 91,633 | 4,145 | 95,778 | - | 95,778 | 17,200 | 112,978 |
| Total comprehensive income (loss) | - | - | - | - | (205,545) | (205,545) | 91,633 | 4,145 | 95,778 | - | (109,767) | (2,456) | (112,223) |
| 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 | - | 2,045 | - | - | - | - | - | - | - | - | 2,045 | 24 | 2,069 |
| Changes in non-controlling interests | - | 114 | - | - | - | - | - | - | - | - | 114 | (3,538) | (3,424) |
| BALANCE AT SEPTEMBER 30, 2024 | \$ 1,671,420 | 2,683,557 | 329,002 | 125,685 | (104,582) | 350,105 | (12,123) | (17,783) | (29,906) | (408,690) | 4,266,486 | 391,613 | 4,658,099 |

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 Nine Months Ended September 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

| | For the Nine Months Ended September 30 | |
|--|---|----------------|
| | 2024 | 2023 |
| CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES | | |
| Loss before income tax | \$ (247,303) | (196,131) |
| Adjustments : | | |
| Adjustments to reconcile profit (loss) : | | |
| Depreciation expense | 138,620 | 138,835 |
| Amortization expense | 64,250 | 61,792 |
| Expected credit loss (gain) recognized | (27,221) | 47,657 |
| Net losses (gain) on financial assets or liabilities at fair value | 118,130 | (2,880) |
| through profit or loss | | |
| Interest expense | 72,825 | 74,911 |
| Interest income | (9,942) | (9,328) |
| Share-based payments | 2,069 | 28,366 |
| Share of loss of associates and joint venture accounted for using | 245 | 221 |
| the equity method | | |
| Loss on disposal of property, plant and equipment | 251 | 237 |
| Loss on inventories valuation and obsolescence | 38,941 | 66,552 |
| Unrealized gain on foreign currency exchange | (68,199) | (160,256) |
| Gain on redemption of bonds payable | - | (270) |
| Gain on lease modification | (125) | - |
| Total adjustments to reconcile profit (loss) | 329,844 | 245,837 |
| Changes in operating assets and liabilities: | | |
| Changes in operating assets, net: | | |
| Increase in notes receivable | (1,947) | (1,172) |
| Decrease in accounts receivable | 260,210 | 209,633 |
| Decrease in other receivables | 458 | 56,599 |
| Decrease in inventories | 110,324 | 156,427 |
| Increase in prepayments | (79,670) | (48,163) |
| Decrease (increase) in other current assets | 8,043 | (17,009) |
| Total changes in operating assets, net | 297,418 | 356,315 |
| Changes in operating liabilities, net: | | |
| Increase (decrease) in contract liabilities | (65,083) | 10,796 |
| Increase in notes payable | 9,183 | 2,252 |
| Decrease in accounts payable | (4,067) | (3,852) |
| Decrease in others accounts payable | (80,327) | (50,166) |
| Increase in other payables to related parties | - | 5,224 |
| Increase in provisions | 1,067 | 246 |
| Increase (decrease) in other current liabilities | (5,585) | 5,326 |
| Increase in net defined benefit liabilities | 484 | 301 |
| Total changes in operating liabilities, net | (144,328) | (29,873) |
| Total change in operating assets and liabilities | 153,090 | 326,442 |
| Total adjustments | 482,934 | 572,279 |
| Cash inflow generated from operations | 235,631 | 376,148 |
| Interest received | 9,942 | 9,328 |
| Interest paid | (73,204) | (90,655) |
| Income tax refunded (paid) | 65,653 | (35,971) |
| Net cash generated from operating activities | 238,022 | 258,850 |

(Continued)

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

| | For the Nine Months Ended September 30 | |
|--|---|------------------|
| | 2024 | 2023 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of financial assets at amortized cost | (31,717) | - |
| Proceeds from disposal of financial assets at amortized cost | 58,843 | 178,311 |
| Acquisition of financial assets at fair value through profit or loss | (27,500) | (17,400) |
| Acquisition of property, plant and equipment | (253,356) | (187,069) |
| Proceeds from disposal of property, plant and equipment | 2,362 | 55 |
| Decrease in refundable deposits | 50,366 | 18,472 |
| Acquisition of intangible assets | (38,456) | (21,920) |
| Decrease in other non-current assets | 27,618 | 1,574 |
| Net cash used in investing activities | (211,840) | (27,977) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in short-term borrowings | 4,380,899 | 6,231,154 |
| Decrease in short-term borrowings | (4,642,006) | (6,733,232) |
| Repayment of bonds payable | (1,200) | (1,407,553) |
| Proceeds from long-term borrowings | 156,901 | 765,513 |
| Repayments of long-term borrowings | (241,315) | (161,874) |
| Decrease in guarantee deposits received | (62) | (1,452) |
| Payments of lease liabilities | (13,653) | (16,949) |
| Dividends paid to owners of the Company | - | (62,813) |
| Issuance of new ordinary shares for cash | - | 822,332 |
| 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 | (363,860) | (532,971) |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | 25,271 | 35,959 |
| Decrease in current cash and cash equivalents | (312,407) | (266,139) |
| Cash and cash equivalents at beginning of period | 1,158,512 | 1,120,781 |
| Cash and cash equivalents at end of period | \$ 846,105 | 854,642 |

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
September 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 November 12, 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.

(b) Basis of consolidation

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

| Investor | Investee | Nature of Activities | Proportion of Ownership | | | Remark |
|-----------------|-------------------------------------|----------------------------|-------------------------|-------------------|--------------------|--------|
| | | | September 30, 2024 | December 31, 2023 | September 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 2 |

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

| Investor | Investee | Nature of Activities | Proportion of Ownership | | | Remark |
|-------------------------------------|--|--|-------------------------|-------------------|--------------------|--------------|
| | | | September 30, 2024 | December 31, 2023 | September 30, 2023 | |
| 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% | 96.50% | Note 3 and 4 |
| 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 | Spirit Manufacturing Inc. | Import, export and selling | 100.00% | 100.00% | 100.00% | Note 7 |
| 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% | 91.50% | 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 UK Ltd. | Neutron Ventures Ltd | Sporting goods online selling | 100.00% | 100.00% | 100.00% | Note 3 and 4 |
| 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 | Fuel Spirit International Inc. | Import, export and selling | 100.00% | 100.00% | 100.00% | Note 7 |
| 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 International Inc. and subsidiaries
Notes to the Consolidated Financial Statements

| Investor | Investee | Nature of Activities | Proportion of Ownership | | | Remark |
|------------------------------------|---|--------------------------------|-------------------------|-------------------|--------------------|--------|
| | | | September 30, 2024 | December 31, 2023 | September 30, 2023 | |
| Dyaco (Shanghai) Trading Co., Ltd. | Dyaco Health Technology (Beijing) Co., Ltd. | Health management consultation | -% | -% | -% | Note 1 |

Note 1: In July 2023, Dyaco Health Technology (Beijing) Co., Ltd. has been completed liquidation and cancellation.

Note 2: In March 2023, the Group acquired interest of subsidiary, Dyaco Europe GmbH for \$61,332 thousand.

Note 3: 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 4: 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 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.

Note 7: In August 2023, the Group increased its subsidiary Spirit Manufacturing Inc. US\$3,000 thousand through debt-for-equity swap.

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

(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;

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Notes to the Consolidated Financial Statements

- (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.

(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

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

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>September 30, 2024</u> | <u>December 31, 2023</u> | <u>September 30, 2023</u> |
|---------------------------------------|-------------------------------|------------------------------|-------------------------------|
| Cash on hand | \$ 8,590 | 15,240 | 10,980 |
| Checking accounts and demand deposits | 820,107 | 1,112,567 | 843,662 |
| Time deposits | 17,408 | 30,705 | - |
| | <u><u>\$ 846,105</u></u> | <u><u>1,158,512</u></u> | <u><u>854,642</u></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.

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

| | <u>September 30, 2024</u> | <u>December 31, 2023</u> | <u>September 30, 2023</u> |
|---|-------------------------------|------------------------------|-------------------------------|
| Financial assets held for trading: | | | |
| Non-derivative financial assets - current | | | |
| Limited Partnership - Changneng Capital Limited Partnership | \$ 39,559 | 16,555 | 16,848 |
| Funds | 3,500 | - | - |
| Forward Exchange Contracts | 990 | - | - |
| | <u><u>\$ 44,049</u></u> | <u><u>16,555</u></u> | <u><u>16,848</u></u> |
| | <u>September 30, 2024</u> | <u>December 31, 2023</u> | <u>September 30, 2023</u> |
| Financial assets mandatorily classified as at FVTPL: | | | |
| Non-derivative financial assets - non-current | | | |
| Convertible promissory notes | <u><u>\$ -</u></u> | <u><u>118,124</u></u> | <u><u>154,542</u></u> |

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

- (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:

| September 30, 2024 | | | |
|------------------------------------|--|-----------------|----------------------|
| | Notional Amount | Currency | Maturity Date |
| Foreign exchange forward contracts | NT16,245 thousand /USD 500 thousand | NTD/USD | October 24, 2024 |
| | NT16,259 thousand /USD 500 thousand | NTD/USD | October 24, 2024 |

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

| | September 30, 2024 | December 31, 2023 | September 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 | 35,296 | 35,139 | 44,029 |
| | \$ 55,273 | 50,970 | 65,703 |

- (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 September 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.

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(d) Financial assets at amortized cost

| | <u>September 30,</u> <u>2024</u> | <u>December 31,</u> <u>2023</u> | <u>September 30,</u> <u>2023</u> |
|---|-------------------------------------|------------------------------------|-------------------------------------|
| <u>Current</u> | | | |
| Time deposits with a maturity date exceeding 3 months | \$ 10,844 | 23,390 | 24,378 |
| Bank debenture | - | 30,705 | 32,270 |
| Redeemable GICs | - | 29,000 | 29,875 |
| | <u>\$ 10,844</u> | <u>83,095</u> | <u>86,523</u> |
| <u>Non-current</u> | | | |
| Bank debenture | <u>\$ 37,980</u> | <u>6,141</u> | <u>6,454</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.

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

| | <u>September 30,</u> <u>2024</u> | <u>December 31,</u> <u>2023</u> | <u>September 30,</u> <u>2023</u> |
|---|-------------------------------------|------------------------------------|-------------------------------------|
| Notes receivable | \$ 2,929 | 984 | 2,112 |
| Accounts receivable (including related parties) | 975,850 | 1,201,732 | 1,065,456 |
| Less: Allowance for impairment loss | (105,422) | (130,688) | (186,101) |
| | <u>\$ 873,357</u> | <u>1,072,028</u> | <u>881,467</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:

Dyaco International Inc. and subsidiaries
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| | September 30, 2024 | | |
|--|----------------------------------|---|---|
| | Gross Carrying Amount | Weighted Average Loss Rate | Loss Allowance Provision |
| Not Past Due | \$ 673,197 | 0%~2.51% | 3,912 |
| Less than 60 days | 185,010 | 0%~23.06% | 10,646 |
| 61 to 120 days | 24,074 | 0%~43.95% | 7,197 |
| 121 to 180 days | 15,190 | 0%~61.79% | 5,289 |
| 181 to 365 days | 5,925 | 0%~100% | 3,825 |
| Over 366 Days and Individually Recognized | <u>75,383</u> | 100% | <u>74,553</u> |
| | \$ 978,779 | | 105,422 |
| | 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> |
| | \$ 1,202,716 | | 130,688 |
| | September 30, 2023 | | |
| | Gross Carrying Amount | Weighted Average Loss Rate | Loss Allowance Provision |
| Not Past Due | \$ 655,848 | 0%~5.65% | 3,066 |
| Less than 60 days | 191,669 | 0%~27.80% | 30,663 |
| 61 to 120 days | 97,216 | 0%~57.5% | 51,361 |
| 121 to 180 days | 28,393 | 5.26%~51.13% | 13,241 |
| 181 to 365 days | 26,391 | 5.00%~100% | 19,719 |
| Over 366 Days and Individually Recognized | <u>68,051</u> | 100.00% | <u>68,051</u> |
| | \$ 1,067,568 | | 186,101 |

Dyaco International Inc. and subsidiaries
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The movement in the allowance for notes and account receivables were as follows:

| | For the Nine Months Ended September 30, | |
|-----------------------------------|--|----------------|
| | 2024 | 2023 |
| Beginning balance | \$ 130,688 | 238,231 |
| Recognition of impairment loss | 4,648 | 47,657 |
| Reversal of impairment loss | (31,869) | - |
| Amounts written off | (2,380) | (103,072) |
| Foreign exchange gains and losses | 4,335 | 3,285 |
| Ending balance | \$ 105,422 | 186,101 |

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

(f) Other receivables (including related parties)

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|-------------------------------|------------------------------|-------------------------------|
| Other receivables (including related parties) | \$ 14,969 | 15,099 | 33,486 |

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

(g) Inventories

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|------------------|-------------------------------|------------------------------|-------------------------------|
| Raw materials | \$ 256,774 | 126,720 | 155,185 |
| Work in progress | 123,429 | 175,929 | 156,281 |
| Finished goods | 1,764,919 | 1,896,332 | 2,303,989 |
| Merchandise | 254,811 | 275,514 | 283,085 |
| | \$ 2,399,933 | 2,474,495 | 2,898,540 |

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

| | For the three months ended September 30, | | For the Nine Months Ended September 30 | |
|------------------------------|---|------------------|---|------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Transfer of inventories sold | \$ 1,028,844 | 1,049,595 | 3,114,793 | 3,453,790 |
| Inventory write-downs | (4,244) | 3,350 | 38,703 | 66,552 |
| Warranties | 21,004 | 17,214 | 56,663 | 58,473 |
| | \$ 1,045,604 | 1,070,159 | 3,210,159 | 3,578,815 |

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(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:

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|------------|-------------------------------|------------------------------|-------------------------------|
| Associates | <u>\$ 6,240</u> | <u>6,368</u> | <u>6,535</u> |

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

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|--------------------------------|-------------------------------|------------------------------|-------------------------------|
| The carrying amount of | | | |
| individually non-significant | | | |
| associates' equity | | | |
| Hongdaxin Projection Co., Ltd. | \$ 3,590 | 3,714 | 3,788 |
| Kerr (Shanghai) Rehabilitation | | | |
| Technology Development Co., | | | |
| Ltd. | 2,650 | 2,654 | 2,747 |
| Morsel, Inc. | - | - | - |
| | <u>\$ 6,240</u> | <u>6,368</u> | <u>6,535</u> |

| | For the three months ended September 30, | | For the Nine Months Ended September 30, | |
|----------------------------|---|-------------|--|--------------|
| | 2024 | 2023 | 2024 | 2023 |
| Attributable to the Group: | | | | |
| Loss from continuing | | | | |
| operations | \$ (75) | (38) | (245) | (221) |
| Other comprehensive | | | | |
| income (loss) | - | - | - | - |
| Total comprehensive | | | | |
| income (loss) | <u>\$ (75)</u> | <u>(38)</u> | <u>(245)</u> | <u>(221)</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

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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 \$14,279 thousand, respectively, for the periods from January 1 to September 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 September 30, 2024, September 30 and December 31, 2023, the investments accounted for using the equity method were not provided as collateral.

(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 96.50% 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 Nine Months Ended September 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 | <u><u>\$ 114</u></u> |

(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 | | |
|--|---|--|----------------------|-----------------------|
| | | September 30, 2024 | December 31, 2023 | September 30, 2023 |
| Shelton Corporation (Jiaxing), Ltd. | China | 40% | 40% | 40% |

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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 differences 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:

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|-------------------------------|------------------------------|-------------------------------|
| Current assets | \$ 1,096,382 | 1,106,893 | 1,068,812 |
| Non-current assets | 222,537 | 796,964 | 844,939 |
| Current liabilities | (617,911) | (650,392) | (698,815) |
| Non-current liabilities | (1,024) | (125,799) | (129,507) |
| Net assets | <u>\$ 699,984</u> | <u>1,127,666</u> | <u>1,085,429</u> |
| Carrying amount of non-controlling interests at the end of the period | <u>\$ 392,704</u> | <u>389,311</u> | <u>369,368</u> |

| | For the three months ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|------------------------|--|-------------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Operating revenue | <u>\$ 336,102</u> | <u>392,273</u> | <u>1,052,253</u> | <u>1,608,056</u> |
| Net income (loss) | \$ (20,749) | (62,668) | (36,211) | 6,804 |
| Other comprehensive income | 8,478 | 28,656 | 42,352 | (5,526) |
| Total comprehensive income (loss) | <u>\$ (12,271)</u> | <u>(34,012)</u> | <u>6,141</u> | <u>1,278</u> |
| Net Profit (loss) attributable to non-controlling interests | <u>\$ (8,299)</u> | <u>(62,668)</u> | <u>(14,484)</u> | <u>6,804</u> |
| Comprehensive income (loss) attributable to non-controlling interests | <u>\$ 3,391</u> | <u>(34,012)</u> | <u>12,028</u> | <u>1,278</u> |

| | For the Nine Months Ended September 30, | |
|--|--|------------------------|
| | 2024 | 2023 |
| Net cash flow used in operating activities | \$ 40,960 | 98,865 |
| Net cash flow used in investing activities | (1,791) | (9,474) |
| Net Cash flow used in financing activities | (41,551) | (111,269) |
| Decrease in cash and cash equivalents | <u>\$ (2,382)</u> | <u>(21,878)</u> |

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(k) Property, plant and equipment

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

| | <u>Land</u> | <u>Buildings</u> | <u>Machinery Equipment</u> | <u>Transport Equipment</u> | <u>Office Equipment</u> | <u>Leasehold Improvements</u> | <u>Property under Construction</u> | <u>Total</u> |
|--|---------------------|------------------|--------------------------------|--------------------------------|-----------------------------|-----------------------------------|--|------------------|
| 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 | - | 9,611 | 12,699 | 321 | 8,980 | 5,178 | 216,567 | 253,356 |
| Reclassification | - | 450,074 | 43,640 | 1,376 | 105 | - | (477,563) | 17,632 |
| Disposals | - | (1,165) | (34,297) | (1,621) | (2,102) | - | (754) | (39,939) |
| Effects of foreign currency exchange differences | 668 | 57,718 | 14,779 | 1,037 | 2,168 | 824 | - | 77,194 |
| Balance at September 30, 2024 | <u>\$ 1,659,916</u> | <u>2,730,920</u> | <u>731,011</u> | <u>47,525</u> | <u>92,913</u> | <u>32,489</u> | <u>200,592</u> | <u>5,495,366</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 | - | 1,926 | 61,876 | 640 | 4,957 | 679 | 124,575 | 194,653 |
| Reclassification | - | 6,626 | - | - | - | - | - | 6,626 |
| Disposals | - | (1,943) | (55,549) | (5,985) | (5,719) | (261) | - | (69,457) |
| Effects of foreign currency exchange differences | 1,104 | 33,534 | 3,727 | 363 | 1,518 | 625 | - | 40,871 |
| Balance at September 30, 2023 | <u>\$ 1,660,357</u> | <u>2,270,622</u> | <u>697,120</u> | <u>46,823</u> | <u>84,676</u> | <u>26,452</u> | <u>442,299</u> | <u>5,228,349</u> |
| Depreciation expenses and impairment loss: | | | | | | | | |
| | <u>Land</u> | <u>Buildings</u> | <u>Machinery Equipment</u> | <u>Transport Equipment</u> | <u>Office Equipment</u> | <u>Leasehold Improvements</u> | <u>Property under Construction</u> | <u>Total</u> |
| Balance at January 1, 2024 | \$ - | 810,570 | 499,568 | 33,750 | 69,873 | 17,503 | - | 1,431,264 |
| Depreciation expenses | - | 61,819 | 43,957 | 3,204 | 4,788 | 2,216 | - | 115,984 |
| Reclassification | - | 10,816 | - | - | - | - | - | 10,816 |
| Disposals | - | (1,165) | (33,102) | (968) | (2,091) | - | - | (37,326) |
| Effects of foreign currency exchange differences | - | 24,843 | 11,110 | 741 | 1,762 | 550 | - | 39,006 |
| Balance at September 30, 2024 | <u>\$ -</u> | <u>906,883</u> | <u>521,533</u> | <u>36,727</u> | <u>74,332</u> | <u>20,269</u> | <u>-</u> | <u>1,559,744</u> |
| Balance at January 1, 2023 | \$ - | 748,313 | 497,003 | 35,340 | 68,853 | 14,318 | - | 1,363,827 |
| Depreciation expenses | - | 56,345 | 49,289 | 3,881 | 5,122 | 2,261 | - | 116,898 |
| Reclassification | - | 4,630 | - | - | - | - | - | 4,630 |
| Disposals | - | (1,943) | (55,280) | (5,976) | (5,705) | (261) | - | (69,165) |
| Effects of foreign currency exchange differences | - | 5,889 | 2,766 | 216 | 1,115 | 411 | - | 10,397 |
| Balance at September 30, 2023 | <u>\$ -</u> | <u>813,234</u> | <u>493,778</u> | <u>33,461</u> | <u>69,385</u> | <u>16,729</u> | <u>-</u> | <u>1,426,587</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> |
| September 30, 2024 | <u>\$1,659,916</u> | <u>1,824,037</u> | <u>209,478</u> | <u>10,798</u> | <u>18,581</u> | <u>12,220</u> | <u>200,592</u> | <u>3,935,622</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> |
| September 30, 2023 | <u>\$1,660,357</u> | <u>1,457,388</u> | <u>203,342</u> | <u>13,362</u> | <u>15,291</u> | <u>9,723</u> | <u>442,299</u> | <u>3,801,762</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

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for the periods from January 1 to September 30 in 2023 and 2024 are calculated based on 2.29% and 1.95% to 2.20%, respectively. The interest capitalization amounts are NT\$3,785 thousand and NT\$4,510 thousand, respectively.

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

(l) 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 | - | 42,815 | 3,778 | - | 46,593 |
| Disposals | - | (37,800) | (13,472) | (730) | (52,002) |
| Effects of foreign currency exchange differences | 14,496 | 2,393 | 280 | 12 | 17,181 |
| Balance at September 30, 2024 | <u>\$ 328,898</u> | <u>89,660</u> | <u>7,598</u> | <u>-</u> | <u>426,156</u> |
| Balance at January 1, 2023 | \$ 309,787 | 80,297 | 17,892 | - | 407,976 |
| Additions | 5,173 | - | - | - | 5,173 |
| Disposals | (3,038) | - | - | - | (3,038) |
| Effects of foreign currency exchange differences | 108 | 2,142 | 354 | - | 2,604 |
| Balance at September 30, 2023 | <u>\$ 312,030</u> | <u>82,439</u> | <u>18,246</u> | <u>-</u> | <u>412,715</u> |
| Depreciation expenses: | | | | | |
| Balance at January 1, 2024 | \$ 50,582 | 61,686 | 15,092 | 718 | 128,078 |
| Depreciation expenses | 7,618 | 11,347 | 2,416 | - | 21,381 |
| Disposals | - | (35,038) | (13,472) | (730) | (49,240) |
| Effects of foreign currency exchange differences | 2,583 | 2,026 | 259 | 12 | 4,880 |
| Balance at September 30, 2024 | <u>\$ 60,783</u> | <u>40,021</u> | <u>4,295</u> | <u>-</u> | <u>105,099</u> |
| | | | | | |
| | Land | Buildings | Transport Equipment | Office Equipment | Total |
| Balance at January 1, 2023 | \$ 36,741 | 48,245 | 11,533 | - | 96,519 |
| Depreciation expenses | 7,508 | 9,543 | 3,418 | - | 20,469 |
| Disposals | (3,038) | - | - | - | (3,038) |
| Effects of foreign currency exchange differences | (713) | 1,424 | 279 | - | 990 |
| Balance at September 30, 2023 | <u>\$ 40,498</u> | <u>59,212</u> | <u>15,230</u> | <u>-</u> | <u>114,940</u> |
| Carrying amounts: | | | | | |
| January 1, 2024 | <u>\$ 263,820</u> | <u>20,566</u> | <u>1,920</u> | <u>-</u> | <u>286,306</u> |
| September 30, 2024 | <u>\$ 268,115</u> | <u>49,639</u> | <u>3,303</u> | <u>-</u> | <u>321,057</u> |
| January 1, 2023 | <u>\$ 273,046</u> | <u>32,052</u> | <u>6,359</u> | <u>-</u> | <u>311,457</u> |
| September 30, 2023 | <u>\$ 271,532</u> | <u>23,227</u> | <u>3,016</u> | <u>-</u> | <u>297,775</u> |

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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:

| | Buildings |
|--|-------------------------|
| Cost or recognized cost: | |
| Balance at January 1, 2024 | \$ 52,472 |
| Reclassification | (16,255) |
| Effects of foreign currency exchange differences | 1,057 |
| Balance at September 30, 2024 | <u>\$ 37,274</u> |
| Balance at January 1, 2023 | \$ 54,456 |
| Reclassification | (6,626) |
| Effects of foreign currency exchange differences | 16 |
| Balance at September 30, 2023 | <u>\$ 47,846</u> |
| Depreciation expenses and impairment loss: | |
| Balance at January 1, 2024 | \$ 27,214 |
| Depreciation expenses | 1,255 |
| Reclassification | (10,816) |
| Effects of foreign currency exchange differences | 817 |
| Balance at September 30, 2024 | <u>\$ 18,470</u> |
| Balance at January 1, 2023 | \$ 25,909 |
| Depreciation expenses | 1,467 |
| Reclassification | (4,630) |
| Effects of foreign currency exchange differences | 14 |
| Balance at September 30, 2023 | <u>\$ 22,760</u> |
| Carrying amounts: | |
| January 1, 2024 | <u>\$ 25,258</u> |
| September 30, 2024 | <u>\$ 18,804</u> |
| January 1, 2023 | <u>\$ 28,547</u> |
| September 30, 2023 | <u>\$ 25,086</u> |

(i) The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease period. The rental income of the investment properties that have been leased is a fixed amount. Please refer to Note 6(aa).

(ii) As of September 30, 2024, and December 31 and September 30, 2023, the fair value of investment property located in Zhongshan District, Taipei City was \$28,597 thousand, \$24,979 thousand and \$23,925 thousand, respectively. The determination of fair value was not performed by independent qualified professional valuers. The management used the market-based evidence of transaction price of property, plant and equipment in determining the fair value. Management was unable to reliably measure the fair value of the investment property located in Jiaxing City, Zhejiang Province, China, because the market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair value of the investment property is

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not reliably measurable.

(iii) For the information of investment properties pledged as collateral for long-term borrowings and loan limit on September 30, 2024, and December 31 and September 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 | - | 12,242 | - | - | - | - | - | - | - | 12,242 |
| Reclassification | - | 1,750 | - | - | - | - | - | - | - | 1,750 |
| Decrease (Note) | - | - | - | - | - | - | - | - | (2,699) | (2,699) |
| Disposals | - | (1,246) | - | - | - | - | (1,867) | - | - | (3,113) |
| Effects of foreign currency exchange differences | 18,774 | 2,091 | 2,512 | 1,557 | - | 1,637 | 26,052 | 34 | - | 52,657 |
| Balance at September 30, 2024 | <u>\$ 588,255</u> | <u>132,945</u> | <u>87,244</u> | <u>110,284</u> | <u>-</u> | <u>295,036</u> | <u>779,906</u> | <u>1,140</u> | <u>14,327</u> | <u>2,009,137</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 | - | 11,535 | - | - | - | - | 3,066 | - | 17,026 | 31,627 |
| Disposals | - | - | - | - | (7,685) | - | - | - | - | (7,685) |
| Effects of foreign currency exchange differences | 23,860 | 1,066 | 3,652 | 5,354 | - | 2,702 | 38,434 | 56 | - | 75,124 |
| Balance at September 30, 2023 | <u>\$ 590,582</u> | <u>114,006</u> | <u>86,106</u> | <u>112,383</u> | <u>-</u> | <u>296,109</u> | <u>790,981</u> | <u>1,162</u> | <u>17,026</u> | <u>2,008,355</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 | - | 11,364 | 681 | 2,213 | - | 16,484 | 26,941 | 4 | 4,256 | 61,943 |
| Disposals | - | (519) | - | - | - | - | (778) | - | - | (1,297) |
| Effects of foreign currency exchange differences | 357 | 943 | 2,394 | 903 | - | 1,637 | 4,705 | 34 | - | 10,973 |
| Balance at September 30, 2024 | <u>\$ 9,023</u> | <u>102,407</u> | <u>84,254</u> | <u>86,073</u> | <u>-</u> | <u>245,585</u> | <u>169,182</u> | <u>1,140</u> | <u>7,094</u> | <u>704,758</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 | - | 8,749 | 4,079 | 2,213 | - | 18,762 | 26,367 | 203 | 1,419 | 61,792 |
| Disposals | - | - | - | - | (7,685) | - | - | - | - | (7,685) |
| Effects of foreign currency exchange differences | 302 | 660 | 3,374 | 4,270 | - | 2,647 | 6,320 | 52 | - | 17,625 |
| Balance at September 30, 2023 | <u>\$ 8,647</u> | <u>87,981</u> | <u>82,144</u> | <u>84,813</u> | <u>-</u> | <u>223,887</u> | <u>135,796</u> | <u>1,090</u> | <u>1,419</u> | <u>625,777</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> |
| September 30, 2024 | <u>\$ 579,232</u> | <u>30,538</u> | <u>2,990</u> | <u>24,211</u> | <u>-</u> | <u>49,451</u> | <u>610,724</u> | <u>-</u> | <u>7,233</u> | <u>1,304,379</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> |
| September 30, 2023 | <u>\$ 581,935</u> | <u>26,025</u> | <u>3,962</u> | <u>27,570</u> | <u>-</u> | <u>72,222</u> | <u>655,185</u> | <u>72</u> | <u>15,607</u> | <u>1,382,578</u> |

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.

Note: In October 2024, due to the dissolution and liquidation of the well-known foreign sports brand Morsel Inc., the merged company signed a supplementary agreement with it on September 16, 2024. The total contract price of the agreement was reduced from US\$720 thousand to US\$575 thousand, a decrease of The portion has been used as a deduction for the original acquisition cost of the asset, and the remaining balance of US\$175 thousand has been paid on October 1, 2024.

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(o) Short-term borrowings

The Group short-term borrowings are as follows:

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|-------------------------|-------------------------------|------------------------------|-------------------------------|
| Credit bank borrowings | \$ 380,355 | 622,485 | 681,925 |
| Secured bank borrowings | <u>1,479,753</u> | <u>1,495,530</u> | <u>1,236,692</u> |
| Total | <u>\$ 1,860,108</u> | <u>2,118,015</u> | <u>1,918,617</u> |
| Unused credit lines | <u>\$ 1,832,876</u> | <u>787,012</u> | <u>1,630,650</u> |
| Range of interest rates | <u>0.5%~3.15%</u> | <u>1.81%~7.59%</u> | <u>1.81%~7.34%</u> |

(i) Issuance and repayment of short-term borrowings

The amounts added by the short-term borrowings from January 1 to September 30, 2024 and 2023 were NT\$4,380,899 thousand and NT\$6,231,154 thousand, respectively; the amounts repaid were NT\$4,642,006 thousand and NT\$6,733,232 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:

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|-------------------------------|------------------------------|-------------------------------|
| Secured bank borrowings | \$ 2,135,566 | 2,215,329 | 2,284,596 |
| Less: long-term borrowings, current portion | <u>(240,947)</u> | <u>(296,527)</u> | <u>(295,680)</u> |
| Total | <u>\$ 1,894,619</u> | <u>1,918,802</u> | <u>1,988,916</u> |
| Unused credit lines | <u>\$ 647,341</u> | <u>994,300</u> | <u>484,009</u> |
| Range of interest rates | <u>1.52%~2.725%</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 September 30, 2024 and 2023 were NT\$156,901 thousand and NT\$765,513 thousand, respectively; the amounts repaid were NT\$241,315 thousand and NT\$161,874 thousand, respectively.

(ii) Collateral for long-term borrowings

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

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(q) Bonds payable

The Group's bonds payable are as follows:

| | December 31, 2023 | September 30, 2023 |
|---------------------------------------|------------------------------|-------------------------------|
| Unsecured convertible bonds – current | \$ 1,200 | 1,200 |
| Less: Current portion | <u>(1,200)</u> | <u>(1,200)</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 convertible bonds and secured convertible bonds, with amounts of \$1,000,000 thousand and \$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 | September 30, 2023 |
|---|--|---|
| Total amount | \$ 600,000 | 600,000 |
| Balance of unamortized discount on bonds payable | - | - |
| Accumulated converted amount | (175,900) | (175,900) |
| Repaid amount upon maturity | <u>(424,100)</u> | <u>(424,100)</u> |
| Balance at the end of period | <u><u>\$ -</u></u> | <u><u>-</u></u> |
| Equity component - convertible equity (reported under capital surplus - share option) | <u><u>\$ -</u></u> | <u><u>-</u></u> |
| | For the three months ended September 30, 2023 | For the Nine Months Ended June, 2023 |
| Interest expenses | <u><u>\$ 539</u></u> | <u><u>2,520</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.
- 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

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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 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:

| | <u>September 30, 2024</u> | <u>December 31, 2023</u> | <u>September 30, 2023</u> |
|---|-------------------------------|------------------------------|-------------------------------|
| Total amount | \$ 1,000,000 | 1,000,000 | 1,000,000 |
| Balance of unamortized discount on bonds payable | - | - | - |
| 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>1,200</u> |
| Equity component - convertible equity (reported under capital surplus - share option) | <u>\$ -</u> | <u>-</u> | <u>-</u> |

| | <u>For the three months ended September 30, 2023</u> | <u>For the Nine Months Ended June, 2023</u> |
|-------------------|--|---|
| Interest expenses | <u>\$ 18</u> | <u>7,696</u> |

The Corporation issued 0% three-year unsecured 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 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,

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with the amount of 101% 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 September 30, 2024, repaid in full.

(r) Lease liabilities

The carrying amounts of lease liabilities are as follows:

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|-------------|-------------------------------|------------------------------|-------------------------------|
| Current | <u>\$ 16,941</u> | <u>11,613</u> | <u>13,661</u> |
| Non-current | <u>\$ 39,226</u> | <u>13,926</u> | <u>16,181</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 September 30, | | For the Nine Months Ended September 30, | |
|--|---|--------------|--|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| Interest on lease liabilities | <u>\$ 372</u> | <u>225</u> | <u>807</u> | <u>772</u> |
| Expenses relating to short-term leases | <u>\$ 6,537</u> | <u>8,052</u> | <u>26,670</u> | <u>26,547</u> |
| Expenses relating to lease of low-value asset leases | <u>\$ 296</u> | <u>111</u> | <u>930</u> | <u>328</u> |

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

| | For the Nine Months Ended June, 2024 | For the Nine Months Ended June, 2023 |
|-------------------------------|---|---|
| Total cash outflow for leases | <u>\$ 42,229</u> | <u>44,596</u> |

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(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:

| | September 30, | December 31, | September 30, |
|--------------------|------------------------|---------------------|----------------------|
| | 2024 | 2023 | 2023 |
| Less than one year | \$ 1,346 | 3,290 | 1,748 |
| 1 to 2 year | 678 | 671 | 671 |
| 2 to 3 year | 452 | 671 | 671 |
| 3 to 4 year | - | 280 | 447 |
| | <u>\$ 2,476</u> | <u>4,912</u> | <u>3,537</u> |

(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.

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

| | For the three months ended | | For the Nine Months Ended | |
|-------------------------------------|-----------------------------------|-------------|----------------------------------|-------------|
| | September 30, | | September 30, | |
| | 2024 | 2023 | 2024 | 2023 |
| Operating costs | <u>\$ 26</u> | <u>26</u> | <u>79</u> | <u>79</u> |
| Marketing expenses | <u>\$ 8</u> | <u>8</u> | <u>23</u> | <u>23</u> |
| General and administrative expenses | <u>\$ 32</u> | <u>32</u> | <u>95</u> | <u>95</u> |
| Research and development expenses | <u>\$ 26</u> | <u>27</u> | <u>79</u> | <u>79</u> |

(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 Nine Months Ended | |
|-------------------------------------|-----------------------------------|--------------|----------------------------------|--------------|
| | September 30, | | September 30, | |
| | 2024 | 2023 | 2024 | 2023 |
| Operating costs | <u>\$ 2,138</u> | <u>2,839</u> | <u>6,873</u> | <u>7,263</u> |
| Marketing expenses | <u>\$ 1,741</u> | <u>1,334</u> | <u>4,651</u> | <u>4,215</u> |
| General and administrative expenses | <u>\$ 3,712</u> | <u>2,175</u> | <u>8,928</u> | <u>7,736</u> |
| Research and development expenses | <u>\$ 1,073</u> | <u>865</u> | <u>3,135</u> | <u>2,607</u> |

(u) Income tax

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

| | For the three months | | For the Nine Months | |
|------------------------------------|-----------------------------|-----------------|----------------------------|-----------------|
| | ended September 30, | | Ended September 30, | |
| | 2024 | 2023 | 2024 | 2023 |
| Current tax expenses | | | | |
| Current period | \$ (4,402) | 31,145 | (4,697) | 81,034 |
| Adjustments for prior periods | (6,283) | 4,144 | (10,782) | (1,736) |
| | <u>(10,685)</u> | <u>35,289</u> | <u>(15,479)</u> | <u>79,298</u> |
| Deferred tax benefit | | | | |
| Occurrence of temporary difference | 11,103 | (59,436) | (6,623) | (139,502) |
| Income tax expense (benefit) | <u>\$ 418</u> | <u>(24,147)</u> | <u>(22,102)</u> | <u>(60,204)</u> |

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(ii) Income tax assessments

The income tax returns of the Corporation and domestic 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 September 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, and have completed the change registration on August 27, 2024.

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 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:

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|--|-------------------------------|------------------------------|-------------------------------|
| Issuance of ordinary shares | \$ 1,843,175 | 1,918,498 | 1,914,172 |
| Treasury share transaction | 127,204 | 127,204 | 127,204 |
| Changes in ownership interests in subsidiaries | 2,733 | 2,619 | 2,619 |
| Conversion of bonds | 660,998 | 660,998 | 660,998 |
| Employee share options | 49,307 | 47,262 | 50,038 |
| Gain on disgorgement | 140 | 140 | 140 |
| | <u>\$ 2,683,557</u> | <u>2,756,721</u> | <u>2,755,171</u> |

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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 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

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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.

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.

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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 | 91,633 | 4,145 | 95,778 |
| Balance at September 30, 2024 | <u>\$ (12,123)</u> | <u>(17,783)</u> | <u>(29,906)</u> |
| Balance at January 1, 2023 | \$ (118,910) | (7,267) | (126,177) |
| Exchange differences on translation of the financial statements of foreign entities | 96,019 | - | 96,019 |
| Balance at September 30, 2023 | <u>\$ (22,891)</u> | <u>(7,267)</u> | <u>(30,158)</u> |

(w) Share-based payments

From January 1, to September 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 year |
| Subscription price per share (NTD) | 42.95 | 30.05 | 11.05 | 40.25 |
| Adjusted subscription price per share (NTD) | 34.90 | - | 30.00 | 33.00 |

(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

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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% |

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 Nine Months Ended September 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 September 30 | 34.90 | <u>2,196</u> |
| Executable quantity at September 30 | 34.90 | <u>2,196</u> |

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The balance at September 30, 2023 is as follows:

| | September 30, 2023 |
|---|-------------------------------|
| Exercise price range | \$ 34.90 |
| Weighted-average remaining contract period (in years) | 0.25 |

(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\$44.00 after the lock-up period.

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.

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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 Nine Months Ended September 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 | 30.05 | 2,000 | 30.05 | 2,000 |
| Quantity given in this period | - | - | - | - |
| Balance at September 30 | 30.05 | 2,000 | 30.05 | 2,000 |

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

| | September 30, 2024 | September 30, 2023 |
|---|-------------------------------|-------------------------------|
| 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 September 30, 2024 and 2023 are as follows:

| | For the three months ended September 30, | | For the Nine Months Ended September 30, | |
|--|---|---------------|--|--------------|
| | 2024 | 2023 | 2024 | 2023 |
| | Employee share options expenses | \$ 689 | 1,503 | 2,069 |

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(iii) Treasury shares transferred to employees

The fifth treasury shares transferred to employees

- 1). 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:

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

3) The aforementioned treasury share options are as follows:

| | For the Nine Months Ended September 30, 2023 | |
|----------------------------------|--|---|
| | Weighted- average Exercise Price (\$) | Number of Options (In Thousands of Shares) |
| Balance at January 1 | \$ 30 | 489 |
| Quantity executed in this period | 30 | (489) |
| Balance at September 30 | - | - |
| Executable at September 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.

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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 September 30, 2023 | For the Nine Months Ended September 30, 2023 |
|---------------------------------|--|---|
| Employee share options expenses | \$ - | 18,150 |

(x) Earnings (Loss) per share

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

| | For the three months ended September 30, | | For the Nine Months Ended September 30, | |
|--|---|-------------|--|-------------|
| | 2024 | 2023 | 2024 | 2023 |
| Basic earnings (loss) per share | | | | |
| Net income (loss) for the period attributable to holders of ordinary shares of the Company | \$ (132,093) | 24,936 | (205,545) | (124,722) |
| Weighted-average number of ordinary shares outstanding | 158,179 | 150,647 | 158,179 | 134,864 |
| | \$ (0.84) | 0.17 | (1.30) | (0.92) |

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| | For the three months ended | September 30, | For the Nine Months Ended | September 30, |
|--|----------------------------|------------------|---------------------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| Diluted earnings (loss) per share | | | | |
| Net income attributable to holders of ordinary shares of the Company (basic) | | <u>\$ 24,936</u> | | |
| Effect of potentially dilutive ordinary shares | | | | |
| The after-tax impact of interest expenses and other income or losses on convertible bonds | | <u>15</u> | | |
| Net income attributable to holders of ordinary shares of the Company (diluted) | | <u>\$ 24,951</u> | | |
| Weighted average number of ordinary shares | | 150,647 | | |
| Effect of potentially dilutive ordinary shares | | | | |
| Impact of employee share options | | 306 | | |
| The impact of conversion of convertible bonds | | <u>2,820</u> | | |
| Weighted average number of ordinary shares (after adjusting for potentially dilutive ordinary shares impact) | | <u>153,773</u> | | |
| | | <u>\$ 0.16</u> | | |

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

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(y) Revenue from contracts with customers

(i) Disaggregation of revenue

| | For the three months ended | | For the Nine Months Ended | |
|----------------------------|-----------------------------------|-------------------------|----------------------------------|-------------------------|
| | September 30, | | September 30, | |
| | 2024 | 2023 | 2024 | 2023 |
| Main product/service line: | | | | |
| Sporting goods | \$ 1,570,487 | 1,648,229 | 4,654,779 | 4,869,173 |
| Furniture | 8,705 | 15,588 | 179,320 | 531,941 |
| Other revenue | <u>7,176</u> | <u>1,646</u> | <u>15,592</u> | <u>9,647</u> |
| | <u>\$ 1,586,368</u> | <u>1,665,463</u> | <u>4,849,691</u> | <u>5,410,761</u> |

(ii) Contract balances

| | September 30, | December 31, | September 30, |
|----------------------|--------------------------|-------------------------|-----------------------|
| | 2024 | 2023 | 2023 |
| Notes receivable | \$ 2,929 | 984 | 2,112 |
| Accounts receivable | 975,850 | 1,201,732 | 1,065,456 |
| Less: loss allowance | <u>(105,422)</u> | <u>(130,688)</u> | <u>(186,101)</u> |
| Total | <u>\$ 873,357</u> | <u>1,072,028</u> | <u>881,467</u> |
| Contract liabilities | <u>\$ 80,638</u> | <u>145,721</u> | <u>188,363</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 September 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 July 1 to September 30, 2024 and 2023, as well as from January 1 to September 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

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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.

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 September 30, | | For the Nine Months Ended September 30, | |
|------------------------------------|---|---------------------|--|---------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Interest income from bank deposits | \$ 5,492 | 2,828 | 9,258 | 9,327 |
| Other interest income | 110 | - | 684 | 1 |
| | <u>\$ 5,602</u> | <u>2,828</u> | <u>9,942</u> | <u>9,328</u> |

(ii) Other income

The Group's other income is as follows:

| | For the three months ended September 30, | | For the Nine Months Ended September 30, | |
|---------------|---|---------------------|--|----------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Rental income | \$ 2,009 | 2,088 | 6,338 | 7,627 |
| Other | 24,337 | 2,678 | 50,914 | 15,932 |
| | <u>\$ 26,346</u> | <u>4,766</u> | <u>57,252</u> | <u>23,559</u> |

(iii) Other profits and losses

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

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| | For the three months ended September 30, | | For the Nine Months Ended September 30, | |
|--|---|----------------|--|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| Foreign exchange profits (loss) \$ | (70,652) | 92,825 | 79,158 | 170,139 |
| Net profit (loss) of financial assets at fair value through profit or loss | (1,585) | (3,377) | (118,130) | 2,880 |
| Other profits and expenses | <u>(735)</u> | <u>(1,732)</u> | <u>(1,591)</u> | <u>(3,982)</u> |
| | <u>\$ (72,972)</u> | <u>87,716</u> | <u>(40,563)</u> | <u>169,037</u> |

(iv) Financing costs

The Group's financing costs are as follows:

| | For the three months ended September 30, | | For the Nine Months Ended September 30, | |
|--|---|---------------|--|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| Interest expenses - Bank borrowings | \$ 25,869 | 21,417 | 72,018 | 63,923 |
| Interest expenses - Convertible bonds | - | 557 | - | 10,216 |
| Interest expenses - Lease liabilities | <u>372</u> | <u>225</u> | <u>807</u> | <u>772</u> |
| | <u>\$ 26,241</u> | <u>22,199</u> | <u>72,825</u> | <u>74,911</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 53%, 65% and 40% of total accounts receivable as of September 30, 2024, December 31 and September 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

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allowance during the period is measured by the twelve-month expected credit loss amount. The changes in loss from January 1 to September 30, 2024 and 2023 are as follows:

| | Other Receivables |
|--|------------------------------|
| Balance at September 30, 2024 (as of balance at January 1, 2024) | \$ 39,500 |
| Balance at September 30, 2023 (as of balance at January 1, 2023) | \$ 39,500 |

(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 |
|---|----------------------------|---------------------------------------|----------------------------|------------------------|------------------|------------------------------------|
| September 30, 2024 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Long-term and short-term borrowings (including those maturing within one year) | \$ 3,995,674 | 4,394,892 | 1,950,804 | 218,603 | 345,630 | 1,879,855 |
| Notes receivable, accounts receivable and other receivables | 1,407,747 | 1,408,669 | 1,394,483 | 14,186 | - | - |
| Guarantee deposits | 1,686 | 1,686 | 1,686 | - | - | - |
| Long-term accounts receivable | 45,290 | 45,848 | - | - | 30,017 | 15,831 |
| Lease liabilities (including those maturing within one year) | 56,167 | 58,503 | 9,282 | 8,744 | 10,119 | 30,358 |
| | \$ 5,506,564 | 5,909,598 | 3,356,255 | 241,533 | 385,766 | 1,926,044 |
| | 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 (Including related parties) | 1,451,005 | 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) | 25,539 | 26,525 | 7,458 | 4,997 | 6,571 | 7,499 |
| | \$ 5,871,632 | 6,070,002 | 3,013,536 | 981,439 | 374,599 | 1,700,428 |

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| | Contractual | | | | | |
|--|----------------------------|-------------------------|-------------------------|-----------------------|-----------------------|-------------------------|
| | Carrying Amount | 1 Cash Flow | Within 6 Months | 6-12 Months | 1-2 Years | More Than 2-5 Years |
| September 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:

| | September 30, 2024 | | | December 31, 2023 | | | September 30, 2023 | | | |
|-------------------------|---------------------|------------------|----------|---------------------|------------------|----------|---------------------|------------------|----------|-----------|
| | Foreign currency | Exchange rate | TWD | Foreign currency | Exchange rate | TWD | Foreign currency | Exchange rate | TWD | |
| <u>Financial assets</u> | | | | | | | | | | |
| <u>Monetary items</u> | | | | | | | | | | |
| USD:TWD | \$ | 92,261 | 31.6500 | 2,920,061 | 99,920 | 30.7050 | 3,068,044 | 99,453 | 32.2700 | 3,209,348 |
| JPY:TWD | | 39 | 0.2223 | 9 | 1,027 | 0.2172 | 223 | 56 | 0.2162 | 12 |
| EUR:TWD | | 585 | 35.38 | 20,697 | 778 | 33.9800 | 26,436 | 639 | 33.9100 | 21,668 |
| CNY:TWD | | 3,496 | 4.5230 | 15,812 | 12,080 | 4.3270 | 52,270 | 7,134 | 4.4150 | 31,497 |
| CAD:TWD | | 1,315 | 23.4200 | 30,797 | 3,584 | 23.2000 | 83,149 | 286 | 23.9000 | 6,835 |
| GBP:TWD | | 42 | 42.4300 | 1,782 | 683 | 39.1500 | 26,739 | 160 | 39.2300 | 6,277 |
| THB:TWD | | 3,814 | 0.9868 | 3,764 | 3,493 | 0.9017 | 3,150 | 3,052 | 0.8822 | 2,692 |
| EUR:USD | | 19 | 1.1179 | 672 | 78 | 1.1067 | 2,650 | 127 | 1.0508 | 4,307 |
| CNY:USD | | 354 | 0.1429 | 1,601 | 511 | 0.1409 | 2,211 | 886 | 0.1368 | 3,912 |
| GBP:USD | | 78 | 1.3406 | 3,310 | 77 | 1.2750 | 3,015 | 77 | 1.2157 | 3,021 |
| USD:CNY | | 2,298 | 6.9976 | 72,732 | 1,991 | 7.0961 | 61,134 | 6,899 | 7.3092 | 222,631 |
| GBP:EUR | | 7 | 1.1993 | 297 | 29 | 1.1521 | 1,135 | 129 | 1.1569 | 5,061 |
| USD:JPY | | 23 | 142.3752 | 728 | 23 | 141.3674 | 706 | 23 | 149.2599 | 742 |
| USD:CAD | | 422 | 1.3514 | 13,356 | 523 | 1.3235 | 16,059 | 420 | 1.3502 | 13,553 |
| EUR:GBP | | - | - | - | 25 | 0.1004 | 5 | - | - | - |

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| | September 30, 2024 | | | December 31, 2023 | | | September 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 | 1,811 | 31.6500 | 57,318 | 2,545 | 30.7050 | 78,144 | 2,158 | 32.2700 | 69,639 |
| CNY:TWD | 126,613 | 4.5230 | 572,671 | 91,688 | 4.3270 | 396,734 | 141,458 | 4.4150 | 624,537 |
| CNY:USD | 9,241 | 0.1429 | 41,797 | 7,567 | 0.1409 | 32,742 | 6,707 | 0.1368 | 29,611 |
| GBP:USD | 178 | 1.3406 | 7,553 | 103 | 1.2750 | 4,032 | 71 | 1.2157 | 2,785 |
| USD:CNY | 57 | 6.9976 | 1,804 | 27 | 7.0961 | 829 | 47 | 7.3092 | 1,517 |
| USD:JPY | 1,151 | 142.3752 | 36,429 | 984 | 141.3674 | 30,214 | 971 | 149.2599 | 31,334 |
| USD:CAD | 672 | 1.3514 | 21,269 | 21,269 | 1.3235 | 10,440 | 103 | 1.3502 | 3,324 |

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 September 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 September 30, 2024 and 2023 will increase by NT\$23,468 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 September 30, 2024 and 2023 are as of NT\$79,158 thousand and NT\$170,139 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.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax loss at September 30, 2024 and 2023 would decrease by \$7,492 thousand and \$7,881 thousand, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

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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 Nine Months Ended September 30, | |
|--|--|-------------------------------------|
| | 2024 | 2023 |
| | Post-tax profit and loss | Post-tax profit and loss |
| Increase 3% | \$ 1,647 | 5,142 |
| Decrease 3% | \$ (1,647) | (5,142) |

(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:

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| | September 30, 2024 | | | | |
|--|---------------------|------------|---------|---------|--------|
| | Carrying Amounts | Fair value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Financial assets at FVTPL | | | | | |
| Non-derivative financial assets held for trading | \$ 44,049 | 3,500 | 990 | 39,559 | 44,049 |
| 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 | 35,296 | - | - | 35,296 | 35,296 |
| Subtotal | 55,273 | 11,378 | - | 43,895 | 55,273 |
| Financial assets at amortized cost | | | | | |
| Cash and cash equivalents | \$ 846,105 | - | - | - | - |
| Notes receivable, accounts receivable and other receivables | 888,326 | - | - | - | - |
| Financial bonds (financial assets at amortized cost - non-current) | 37,980 | - | - | - | - |
| Financial assets at amortized cost - current | 10,844 | - | - | - | - |
| Guarantee deposits paid | 30,779 | - | - | - | - |
| Subtotal | 1,814,034 | - | - | - | - |
| Financial liabilities at amortized cost | | | | | |
| Short-term borrowings | \$ 1,860,108 | - | - | - | - |
| Notes payable, accounts payable and other payables | 1,407,747 | - | - | - | - |
| Leasing liabilities (including current and non-current) | 56,167 | - | - | - | - |
| Long-term borrowings due within 1 year or 1 business cycle | 240,947 | - | - | - | - |
| Long-term borrowings | 1,894,619 | - | - | - | - |
| Long-term accounts payable | 45,290 | - | - | - | - |
| Guarantee deposits received | 1,686 | - | - | - | - |
| Subtotal | 5,506,564 | - | - | - | - |

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| | December 31, 2023 | | | | |
|--|---------------------|--------------|--------------|----------------|----------------|
| | Carrying Amounts | Fair value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| 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> |

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| | September 30, 2023 | | | | |
|--|---------------------|---------------|--------------|----------------|----------------|
| | Carrying Amounts | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at FVTPL | | | | | |
| Non-derivative financial assets mandatorily measured at FVTPL | \$ 154,542 | - | - | 154,542 | 154,542 |
| Non-derivative financial assets held for trading | <u>16,848</u> | - | - | <u>16,848</u> | <u>16,848</u> |
| Subtotal | <u>171,390</u> | - | - | <u>171,390</u> | <u>171,390</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>44,029</u> | - | - | <u>44,029</u> | <u>44,029</u> |
| Subtotal | <u>65,703</u> | <u>11,759</u> | - | <u>53,944</u> | <u>65,703</u> |
| Financial assets at amortized cost | | | | | |
| Cash and cash equivalents | \$ 854,642 | - | - | - | - |
| Notes receivable, accounts receivable and other receivables | 914,953 | - | - | - | - |
| Financial bonds (financial assets at amortized cost - current and non-current) | 38,724 | - | - | - | - |
| Financial assets at amortized cost – current and non-current | 54,253 | - | - | - | - |
| Guarantee deposits paid | <u>21,868</u> | - | - | - | - |
| Subtotal | <u>1,884,440</u> | - | - | - | - |
| Financial liabilities at amortized cost | | | | | |
| Short-term borrowings | \$ 1,918,617 | - | - | - | - |
| Notes payable, accounts payable and other payables (including related parties) | 1,540,020 | - | - | - | - |
| Leasing liabilities (including current and non-current) | 29,842 | - | - | - | - |
| Convertible bonds - liabilities component | 1,200 | - | 1,200 | - | 1,200 |
| Long-term borrowings due within 1 year or 1 business cycle | 46,315 | - | - | - | - |
| Long-term borrowings | 1,988,916 | - | - | - | - |
| Long-term accounts payable (including related parties) | 93,012 | - | - | - | - |
| Guarantee deposits received | <u>1,733</u> | - | - | - | - |
| Subtotal | <u>5,619,655</u> | - | <u>1,200</u> | - | <u>1,200</u> |

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:

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

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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 September 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.

5) Movement in Level 3

| | Financial Assets at FVTPL | Financial Assets at FVTOCI | Total |
|--|--------------------------------------|---------------------------------------|----------------|
| Balance on January 1, 2024 | \$ 134,679 | 42,004 | 176,683 |
| Total profit or loss | | | |
| Recognized in profit or loss | (119,120) | - | (119,120) |
| Recognized in other comprehensive income | - | 1,734 | 1,734 |
| Purchases | 24,000 | - | 24,000 |
| Effects of changes in foreign exchange rates | - | 157 | 157 |
| Balance on September 30, 2024 | \$ 39,559 | 43,895 | 83,454 |
| Balance on January 1, 2023 | \$ 147,639 | 53,938 | 201,577 |
| Total profit or loss | | | |
| Recognized in profit or loss | 6,351 | - | 6,351 |
| Purchases | 17,400 | - | 17,400 |
| Effects of changes in foreign exchange rates | - | 6 | 6 |
| Balance on September 30, 2023 | \$ 171,390 | 53,944 | 225,334 |

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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 September 30, 2024 and 2023 are as follows:

| | For the three months ended | | For the Nine Months Ended | |
|--|-----------------------------------|-------------|----------------------------------|-------------|
| | September 30, | | September 30, | |
| | 2024 | 2023 | 2024 | 2023 |
| Total profit or loss | | | | |
| Recognized in profit or loss (reported in “Profit (Loss) of Financial Assets (liabilities) at FVTPL”) | \$ 2,663 | (3,376) | (119,120) | 6,351 |
| Recognized in other comprehensive income (reported in “Unrealized Valuation Profit (Loss) of Financial Assets Measured at FVTOCI”) | - | - | 1,734 | - |

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:

| Item | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|-----------------------------|--|--|
| Financial assets at FVTOCI – equity instruments investments | Discounted Cash Flow Method | Lack of market liquidity discount (20%~45% as of September 30, 2024, | Lack of market liquidity The higher the discount, the |

Dyaco International Inc. and subsidiaries
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| | | | |
|---|---|--|---|
| without an active market | | December 31, 2023 and September 30, 2023) | lower the fair value |
| Financial assets at FVTPL - redemption right of convertible bonds | 1. Option Pricing Model 2. Probability-Weighted Expected Return Method | ·Volatility rate (59.1% at December 31, 2023) ·Risk-adjusted discount rate (1.73%~11.70% at September 30, 2023) | ·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 - limited partnership | Net assets value | ·Net assets value | ·The higher the net assets value, the higher the fair value |

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 |
| September 30, 2024 | | | | | | | |
| Financial assets at FVTPL | | | | | | | |
| Limited partnership | Net assets value | 1% | | 396 | (396) | - | - |
| Financial assets at FVTOCI | | | | | | | |
| Investment in equity instruments without an active market | Discounted Cash Flow Method | 1% | | - | - | 439 | (439) |
| December 31, 2023 | | | | | | | |
| Financial assets at FVTPL | | | | | | | |
| Convertible bonds | Discounted Cash Flow Method | 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 Cash Flow Method | 1% | | - | - | 420 | (420) |
| September 30, 2023 | | | | | | | |
| Financial assets at FVTPL | | | | | | | |
| Convertible bonds | Discounted Cash Flow Method | 1% | | 1,545 | (1,545) | - | - |
| Limited partnership | Net assets value | 1% | | 168 | (168) | - | - |
| Financial assets at FVTOCI | | | | | | | |
| Investment in equity instruments without an active market | Discounted Cash Flow Method | 1% | | - | - | 539 | (539) |

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(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.

(ae) Liabilities adjustments of financing activities

The Group's financing activities which did not affect the current cash flow in the Nine Months Ended September 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 | | | | September 30, 2024 |
|--|---------------------|------------------|-------------------------------|---------------|----------------------|-----------------------------|-----------------------|
| | | | Transfer of Other payables | New Leases | Lease Termination | Exchange Rate Changes | |
| Short-term borrowings | \$ 2,118,015 | (261,107) | - | - | - | 3,200 | 1,860,108 |
| Bonds payable | 1,200 | (1,200) | - | - | - | - | - |
| Long-term borrowings | 2,215,329 | (84,414) | - | - | - | 4,651 | 2,135,566 |
| Guarantee deposits received | 1,715 | (62) | - | - | - | 33 | 1,686 |
| Leasing liabilities (including current and non-current) | 25,539 | (13,653) | - | 46,593 | (2,887) | 575 | 56,167 |
| Total liabilities from financing activities | <u>\$ 4,361,798</u> | <u>(360,436)</u> | <u>-</u> | <u>46,593</u> | <u>(2,887)</u> | <u>8,459</u> | <u>4,053,527</u> |

| | January 1, 2023 | Cash Flows | Non-cash changes | | | | September 30, 2023 |
|--|---------------------|--------------------|-------------------------------|--------------|----------------------|-----------------------------|-----------------------|
| | | | Transfer of Other payables | New Leases | Lease Termination | Exchange Rate Changes | |
| Short-term borrowings | \$ 2,390,915 | (502,078) | 30,000 | - | - | (220) | 1,918,617 |
| Bonds payable | 1,398,537 | (1,407,553) | - | - | - | 10,216 | 1,200 |
| Long-term borrowings | 1,702,749 | 603,639 | (30,000) | - | - | 8,208 | 2,284,596 |
| Guarantee deposits received | 3,140 | (1,452) | - | - | - | 45 | 1,733 |
| Leasing liabilities (including current and non-current) | 40,230 | (16,949) | - | 5,173 | - | 1,388 | 29,842 |
| Total liabilities from financing activities | <u>\$ 5,535,571</u> | <u>(1,324,393)</u> | <u>-</u> | <u>5,173</u> | <u>-</u> | <u>19,637</u> | <u>4,235,988</u> |

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(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 Category</u> | <u>September 30, 2024</u> | <u>December 31, 2023</u> | <u>September 30, 2023</u> |
|--|---------------------------------|---------------------------|--------------------------|---------------------------|
| Other payables (including current and non-current) | Associates | \$ - | 15,967 | 23,234 |

(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 Nine Months Ended September 30,</u> | |
|-----------------------|--|-------------|
| | <u>2024</u> | <u>2023</u> |
| Other related parties | \$ - | 50,550 |

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 Nine Months Ended September 30,</u> | |
|-----------------------|--|-------------|
| | <u>2024</u> | <u>2023</u> |
| Other related parties | \$ - | 20,139 |

Dyaco International Inc. and subsidiaries
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(iii) Loans from related parties

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

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|-----------------------|-------------------------------|------------------------------|-------------------------------|
| Other related parties | <u>\$ -</u> | <u>-</u> | <u>4,411</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 September 30, | | For the Nine Months Ended September 30, | |
|------------------------|---|---------------|--|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| Short-term employee \$ | 28,843 | 29,091 | 87,689 | 84,605 |
| benefits | | | | |
| Post-employment | 281 | 283 | 853 | 848 |
| benefits | | | | |
| | <u>\$ 29,124</u> | <u>29,374</u> | <u>88,542</u> | <u>85,453</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 | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|-------------------------------|--|-------------------------------|------------------------------|-------------------------------|
| Property, plant and equipment | Bank loan | \$ 2,332,871 | 2,230,810 | 2,012,516 |
| Right-of-use assets | Bank loan | 265,125 | 263,819 | 267,172 |
| Pledge deposits - current | Bank loan and bonds payable | 21,893 | 23,390 | 24,378 |
| Investment properties | Bank loan | 15,142 | 18,690 | 18,909 |
| | | <u>\$ 2,635,031</u> | <u>2,536,709</u> | <u>2,322,975</u> |

(9) Commitments and contingencies

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

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| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|--|-----------------------|----------------------|-----------------------|
| Acquisition of property, plant and equipment | \$ 172,122 | 426,471 | 84,638 |

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events

- (a) On November 12, 2024, the Corporation passed a resolution of the board of directors to establish a Thailand subsidiary with 100% investment from Dyaco International Inc. with an initial registered capital of THB\$50,000 thousand (equivalent to approximately NT\$49,340 thousand).
- (b) In response to the group's electric auxiliary vehicle integration plan, the Corporation has transferred the Dajia Second Factory under construction in IUVO (Co., Ltd.) to the Corporation. The property under construction is expected to require an additional investment of \$350,000 thousand and will be completed on November 12, 2024. Board resolution.
- (c) In order to repay the borrowings, the Corporation has decided on November 12, 2024, through a board of directors' resolution, to issue common shares through cash capital increase and the fourth domestic unsecured corporate bonds, and is expected to raise funds of \$500,000 thousand.

(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 September 30, 2024 | | | For the three months ended September 30, 2023 | | |
|----------------------------|--|--------------------|---------|--|--------------------|---------|
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Employee benefits | | | | | | |
| Salary | 55,136 | 206,978 | 262,114 | 85,975 | 166,554 | 252,529 |
| Labor and health insurance | 8,061 | 28,543 | 36,604 | 927 | 17,762 | 18,689 |
| Pension | 2,164 | 6,592 | 8,756 | 2,930 | 2,649 | 5,579 |
| Others | 2,620 | 4,393 | 7,013 | 3,877 | 5,600 | 9,477 |
| Depreciation | 17,554 | 25,666 | 43,220 | 23,387 | 23,936 | 47,323 |
| Depletion | - | - | - | - | - | - |
| Amortization | 564 | 22,500 | 23,064 | - | 20,848 | 20,848 |

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| Function Nature | For the Nine Months Ended September 30, 2024 | | | For the Nine Months Ended September 30, 2023 | | |
|-------------------------------|---|-----------------------|---------|---|-----------------------|---------|
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Employee benefits | | | | | | |
| Salary | 178,592 | 522,424 | 701,016 | 193,239 | 505,832 | 699,071 |
| Labor and health insurance | 24,466 | 78,787 | 103,253 | 13,777 | 40,707 | 54,484 |
| Pension | 6,952 | 16,911 | 23,863 | 7,342 | 14,754 | 22,096 |
| Others | 8,204 | 12,231 | 20,435 | 8,289 | 17,705 | 25,994 |
| Depreciation | 55,668 | 82,952 | 138,620 | 68,524 | 70,311 | 138,835 |
| Depletion | - | - | - | - | - | - |
| Amortization | 1,691 | 62,559 | 64,250 | - | 61,792 | 61,792 |

(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 Nine Months Ended September 30, 2024 as follows:

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(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 | 99,755 | 92,115 | 92,115 | - | Business relationship | 125,714 | Business transaction | - | None | - | 125,714 | 1,706,594 |
| 0 | Dyaco International Inc. | SPIRIT MANUFACTURING INC | Other receivables from related parties | Yes | 184,459 | - | - | - | Business relationship | 713,747 | Business transaction | - | None | - | 713,747 | 1,706,594 |
| 0 | Dyaco International Inc. | Fitness Equipment Service, LLC | Other receivables from related parties | Yes | 799,970 | 653,051 | 653,051 | - | Business relationship | 1,244,389 | Business transaction | - | None | - | 1,244,389 | 1,706,594 |
| 0 | Dyaco International Inc. | SPIRIT DIRECT LLC | Other receivables from related parties | Yes | 76,789 | 76,789 | 76,789 | - | Business relationship | 76,789 | Business transaction | - | None | - | 76,789 | 1,706,594 |
| 0 | Dyaco International Inc. | City Sport Co., Ltd | Other receivables from related parties | Yes | 59,208 | 39,472 | 39,472 | - | Short-term financing | - | Operating turnover | - | None | - | 853,297 | 1,706,594 |
| 0 | Dyaco International Inc. | Sweatband.com, Ltd | Other receivables from related parties | Yes | 25,458 | 25,458 | 25,458 | - | Short-term financing | - | Operating turnover | - | None | - | 1,706,594 | 1,706,594 |
| 0 | Dyaco International Inc. | Wing Long Co., Ltd. | Other receivables from related parties | Yes | 11,000 | 6,000 | 5,000 | - | Short-term financing | - | Operating turnover | - | None | - | 1,706,594 | 1,706,594 |
| 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 | - | 1,706,594 | 1,706,594 |
| 1 | Fuel Spirit International Inc. | Dyaco International Inc. | Other receivables from related parties | Yes | 63,300 | 63,300 | - | - | Short-term financing | - | Operating turnover | - | None | - | 90,775 | 90,775 |
| 1 | Fuel Spirit International Inc. | City Sport Co., Ltd | Other receivables from related parties | Yes | 17,408 | 17,408 | 5,001 | - | Short-term financing | - | Operating turnover | - | None | - | 90,775 | 90,775 |
| 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 | - | 6,695 | 6,695 |

Dyaco International Inc. and subsidiaries

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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.

(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 | 2,133,243 | 5,000 | 5,000 | 355 | - | 0.23% | 2,133,243 | Y | N | N |
| 0 | Dyaco International Inc. | IUVO Industry Co., Ltd. | 2 | 2,133,243 | 50,000 | 50,000 | 50,000 | - | 2.34% | 2,133,243 | Y | N | N |
| 1 | President Plastic Productions MFG. Co., Ltd. | Dyaco International Inc. | 4 | 2,133,243 | 300,000 | 300,000 | 300,000 | 300,000 | 14.06% | 2,133,243 | 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.

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Notes to the Consolidated Financial Statements

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.

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(iii) Securities held as of September 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 | Fair Value | |
| 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 | 1.19 % | 7,474 | |
| " | Stocks–Inalways Corporation | - | " | 588,000.00 | 11,378 | 7.50 % | 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 profit or loss - current | - | 39,559 | - % | 39,559 | |
| " | Funds -HSBC Super Core | - | " | - | 3,500 | - % | 3,500 | |
| " | Forward Exchange Contracts | - | " | - | 990 | - % | 990 | |
| " | Convertible bonds – 2.5-year financial debentures of Mega International Commercial Bank | - | Financial assets at amortized cost - current and non-current | - | 6,330 | - % | 6,330 | |
| " | Convertible bonds – 8-year financial debentures of Mega International Commercial Bank | - | " | - | 11,078 | - % | 11,078 | |
| " | Convertible bonds – 12-year financial debentures of Mega International Commercial Bank | - | " | - | 12,660 | - % | 12,660 | |
| " | Convertible bonds – 8-year financial debentures of Mega International Commercial Bank | - | " | - | 7,912 | - % | 7,912 | |
| 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 | - | 3,630 | - % | 3,630 | |

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

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(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 | 548,400 (Note) | 10,000 | 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 | 548,400 (Note) | 10,000 | - | 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.

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(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 | 915,793 | 18.88 % | Irregular payment | Agreements of Both parties | Irregular payment | 670,439 | 75.71% | Note1 |
| Dyaco International Inc. | Spirit Manufacturing Inc. | parent-subsubsidiary | Sales | 584,087 | 12.04 % | " | " | " | 457,435 | 51.66% | Note1 |
| Dyaco International Inc. | Dyaco Canada Inc. | parent-subsubsidiary | Sales | 116,833 | 2.41 % | " | " | " | 36,317 | 4.10% | |
| Dyaco International Inc. | Shelton Corporation (Jiaxing), Ltd. | parent-subsubsidiary | Purchase | 733,271 | 22.61 % | " | " | " | (573,046) | 59.71% | |
| Fitness Equipment Services, LLC | Dyaco International Inc. | Ultimate parent | Purchase | 915,793 | 28.24 % | " | " | " | (670,439) | 69.85% | |
| Spirit Manufacturing Inc. | Dyaco International Inc. | Ultimate parent | Purchase | 584,087 | 18.01 % | " | " | " | (457,435) | 47.66% | |
| Dyaco Canada Inc. | Dyaco International Inc. | Ultimate parent | Purchase | 116,833 | 3.60 % | Irregular payment | Agreements of Both parties | Irregular payment | (36,317) | 3.78% | |
| Shelton Corporation (Jiaxing), Ltd. | Dyaco International Inc. | Ultimate parent | Sales | 733,271 | 15.12 % | " | " | " | 573,046 | 64.71% | |

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 | 670,439 | 85.76% | Note 1,2 | Note 1 | 93,011 | Note 1,2 |
| " | Spirit Manufacturing Inc. | Parent-subsubsidiary | 457,435 | 85.76% | Note 1,2 | Note 1 | 57,018 | Note 1,2 |
| Shelton Corporation (Jiaxing), Ltd. | Dyaco International Inc. | Ultimate parent | 573,046 | 73.64% | Note 1,2 | Note 1 | 107,085 | Note 1,2 |

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 September 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

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Article 14 of the “Regulations Governing Loaning of Funds and Endorsements/Guarantees by Public Companies,” the most recent board of directors’ resolution (on May 13, 2024) approved the balance of loans extended and the actual amount disbursed.

Note 3: 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 | Relation ships | Transaction Details | | | |
|-----|--------------------------|---|----------------|------------------------------|---------|----------------------------|----------------------------|
| | | | | Financial Statement Accounts | Amount | Payment Terms | % of Total Sales or Assets |
| 0 | Dyaco International Inc. | Spirit Direct, LLC. | 1 | Sales | 15,191 | Agreements of both parties | -% |
| " | " | " | 1 | Other operating income | 5,560 | " | -% |
| " | " | " | 1 | Accounts receivable | 15,175 | " | -% |
| " | " | " | 1 | Other receivables | 74,914 | " | 1% |
| " | " | Fuel-Spirit International Inc. | 1 | Sales | 32,599 | " | 1% |
| " | " | " | 1 | Other operating income | 115 | " | -% |
| " | " | " | 1 | Accounts receivable | 247 | " | -% |
| " | " | " | 1 | Accounts payable | 20,691 | " | -% |
| " | " | " | 1 | Other receivables | 8,604 | " | -% |
| " | " | " | 1 | Other payables | 10,411 | " | -% |
| " | " | Dyaco Japan Co., Ltd. | 1 | Sales | 10,483 | " | -% |
| " | " | " | 1 | Other operating income | 69 | " | -% |
| " | " | " | 1 | Accounts receivable | 10,536 | " | -% |
| " | " | " | 1 | Other receivables | 31,139 | " | -% |
| " | " | Dyaco (Shanghai) Trading Co., Ltd. | 1 | Sales | 41,665 | " | 1% |
| " | " | " | 1 | Other operating income | 71 | " | -% |
| 0 | Dyaco International Inc. | Dyaco (Shanghai) Trading Co., Ltd. | 1 | Accounts receivable | 10,454 | Agreements of both parties | -% |
| " | " | " | 1 | Other payables | 2 | " | -% |
| " | " | Spirit Manufacturing Inc. | 1 | Sales | 584,087 | " | 12% |
| " | " | " | 1 | Other operating income | 2,217 | " | -% |
| " | " | " | 1 | Accounts receivable | 457,435 | " | 4% |
| " | " | " | 1 | Other receivables | 167,211 | " | 2% |
| " | " | Dyaco Canada Inc. | 1 | Sales | 116,833 | " | 2% |
| " | " | " | 1 | Other operating income | 2,128 | " | -% |
| " | " | " | 1 | Accounts receivable | 36,317 | " | -% |
| " | " | " | 1 | Other receivables | 5,358 | " | -% |
| " | " | " | 1 | Accounts payable | 12 | " | -% |
| " | " | Dyaco Europe GmbH | 1 | Sales | 9,965 | " | -% |
| " | " | " | 1 | Other operating income | 1,086 | " | -% |
| " | " | " | 1 | Accounts receivable | 19,688 | " | -% |
| " | " | Daan Health Management Consulting Co., Ltd. | 1 | Rental income | 18 | " | -% |
| " | " | Shelton Corporation (Jiaxing), Ltd. | 1 | Cost of goods sold | 733,271 | " | 15% |
| " | " | " | 1 | Accounts receivable | 41 | " | -% |

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Notes to the Consolidated Financial Statements

| No. | Company name | Counter Party | Relation ships | Transaction Details | | | |
|-----|--------------------------------|---|----------------|------------------------------|-----------|----------------------------|----------------------------|
| | | | | Financial Statement Accounts | Amount | Payment Terms | % of Total Sales or Assets |
| " | " | " | 1 | Accounts payable | 573,258 | " | 5% |
| " | " | " | 1 | Sales | 40 | " | -% |
| " | " | Dyaco UK Ltd. | 1 | Sales | 85,646 | " | 2% |
| " | " | " | 1 | Accounts receivable | 191,141 | " | 2% |
| " | " | Wing Long Co., Ltd. | 1 | Sales | 6 | " | -% |
| " | " | " | 1 | Other expenses | 519 | " | -% |
| " | " | " | 1 | Other receivables | 5,000 | " | -% |
| " | " | " | 1 | Other payables | 159 | " | -% |
| " | " | Cardio Fitness GmbH&Co KG | 1 | Sales | 2,649 | " | -% |
| " | " | " | 1 | Other operating income | 53 | " | -% |
| " | " | " | 1 | Accounts receivable | 2,670 | " | -% |
| " | " | Fitness Equipment Services LLC. | 1 | Sales | 915,793 | " | 19% |
| " | " | " | 1 | Other operating income | 1,230 | " | -% |
| " | " | " | 1 | Accounts receivable | 670,439 | " | 6% |
| " | " | " | 1 | Other receivables | 1,098,571 | " | 10% |
| " | " | President Plastic Products MFG. Co., Ltd. | 1 | Accounts payable | 3,200 | " | -% |
| " | " | " | 1 | Guarantee deposits | 900 | " | -% |
| " | " | " | 1 | Lease liabilities | 3,687 | " | -% |
| " | " | " | 1 | Right-of-use assets | 3,483 | " | -% |
| " | " | " | 1 | Interest expenses | 39 | " | -% |
| " | " | " | 1 | Depreciation expense | 387 | " | -% |
| " | " | Cikayda Inc | 1 | Accounts payable | 1,690 | " | -% |
| " | " | " | 1 | Rental income | 200 | " | -% |
| " | " | Sweatband.com Ltd | 1 | Sales | 5,414 | " | -% |
| " | " | " | 1 | Other operating income | 662 | " | -% |
| " | " | " | 1 | Accounts receivable | 7,550 | " | -% |
| 0 | Dyaco International Inc. | Sweatband.com Ltd | 1 | Other receivables | 25,458 | Agreements of both parties | -% |
| " | " | Citysports(THAILAND) CO.,LTD. | 1 | Sales | 2,786 | " | -% |
| " | " | " | 1 | Accounts receivable | 5,046 | " | -% |
| " | " | " | 1 | Other receivables | 36,007 | " | -% |
| " | " | IUVO Industry Co., Ltd. | 1 | Sales | 317 | " | -% |
| " | " | " | 1 | Cost of goods sold | 2,936 | " | -% |
| " | " | " | 1 | Accounts receivable | 1,081 | " | -% |
| " | " | " | 1 | Other receivables | 38,000 | " | -% |
| " | " | " | 1 | Accounts payable | 922 | " | -% |
| 1 | Fuel-Spirit International Inc. | Dyaco Canada Inc. | 3 | Other operating income | 682 | " | -% |
| " | " | " | 3 | Accounts receivable | 343 | " | -% |
| " | " | Citysports(THAILAND) CO.,LTD. | 3 | Sales | 2,786 | " | -% |
| " | " | " | 3 | Accounts receivable | 2,465 | " | -% |
| " | " | " | 3 | Other receivables | 5,001 | " | -% |
| 2 | Spirit Manufacturing Inc. | Dyaco Canada Inc. | 3 | Sales | 13,025 | " | -% |
| " | " | " | 3 | Operating expenses | 342 | " | -% |
| " | " | " | 3 | Accounts receivable | 4,186 | " | -% |
| 3 | Dyaco Canada Inc. | Fuel-Spirit International Inc. | 3 | Operating expenses | 682 | " | -% |

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| No. | Company name | Counter Party | Relation ships | Transaction Details | | | |
|-----|-------------------------------------|------------------------------------|----------------|------------------------------|--------|----------------------------|----------------------------|
| | | | | Financial Statement Accounts | Amount | Payment Terms | % of Total Sales or Assets |
| " | " | " | 3 | Other payables | 343 | " | -% |
| " | " | Fitness Equipment Services LLC. | 3 | Operating expenses | 341 | " | -% |
| " | " | " | 3 | Other receivables | 185 | " | -% |
| 4 | Dyaco Europe GmbH | Dyaco UK Ltd. | 3 | Sales | 5,546 | " | -% |
| " | " | " | 3 | Accounts payable | 4,438 | " | -% |
| " | " | Sweatband.com Ltd | 3 | Sales | 1,956 | " | -% |
| " | " | " | 3 | Accounts payable | 940 | " | -% |
| 5 | Cardio Fitness GmbH&Co.KG | Dyaco UK Ltd. | 3 | Sales | 1,901 | " | -% |
| " | " | " | 3 | Accounts payable | 428 | " | -% |
| 6 | Shelton Corporation (Jiaxing), Ltd. | Fuel-Spirit International Inc. | 3 | Sales | 90,276 | " | 2% |
| " | " | " | 3 | Accounts receivable | 41,789 | " | -% |
| " | " | " | 3 | Other receivables | 8 | " | -% |
| " | " | Dyaco (Shanghai) Trading Co., Ltd. | 3 | Sales | 31,610 | " | 1% |
| " | " | " | 3 | Accounts receivable | 10,412 | " | -% |
| 7 | Dyaco UK Ltd. | Dyaco Europe GmbH | 3 | Sales | 6,083 | " | -% |
| " | " | Sweatband.com Ltd | 1 | Sales | 19,811 | " | -% |
| " | " | Cardio Fitness GmbH&Co.KG | 3 | Sales | 61 | " | -% |
| " | " | " | 3 | Accounts payable | 2,537 | " | -% |
| 8 | Fitness Equipment Services LLC. | Spirit Manufacturing Inc. | 3 | Other income | 133 | " | -% |
| " | " | " | 3 | Operating expenses | 152 | " | -% |
| 9 | Cikayda Inc | IUVO Industry Co., Ltd. | 3 | Other receivables | 6,500 | " | -% |
| 10 | Neutron Ventures Ltd | Sweatband.com Ltd | 2 | Other receivables | 11 | " | -% |
| 11 | Interactive Online Commerce Ltd | Neutron Ventures Ltd | 1 | Other receivables | 9,258 | Agreements of both parties | -% |
| 12 | Neutron Ventures Poland S.p Z.o.o | Sweatband.com Ltd | 3 | Sales | 20,640 | " | -% |
| " | " | " | 3 | Other receivables | 2,616 | " | -% |
| " | " | " | 3 | Other payables | 869 | " | -% |
| 13 | Sweatband.com Ltd | Interactive Online Commerce Ltd | 2 | Other receivables | 213 | " | -% |
| " | " | Dyaco UK Ltd. | 2 | Sales | 14,294 | " | -% |
| " | " | Dyaco Europe GmbH | 3 | Sales | 3,130 | " | -% |
| " | " | Cardio Fitness GmbH&Co KG | 3 | Sales | 7,958 | " | -% |
| | | | | | | | |

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.

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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.

(b) Information on investees:

From January 1 to September 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 |
|--------------------------|--|----------------|--|--------------------|-------------------|---------------------------------|---------|-----------------|---------------------------------------|-------------------------------------|--------|
| | | | | September 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% | 1,036,951 | 14,772 | 14,772 | |
| Dyaco International Inc. | Dyaco Europe GmbH | Germany | Import, export and selling | 545,860 | 545,860 | - | 100.00% | 118,080 | (49,139) | (49,139) | |
| Dyaco International Inc. | Daan Health Management Consulting Co., Ltd. | Taiwan | Rental of medical equipment | 10,010 | 10,010 | 1,000,000 | 100.00% | 9,009 | 108 | 108 | |
| Dyaco International Inc. | Dyaco Japan Co., Ltd. | Japan | Import, export and selling | 72,964 | 72,964 | 201,020 | 100.00% | (20,621) | (10,762) | (10,762) | |
| Dyaco International Inc. | Wing Long Co., Ltd. | Taiwan | Import, export and selling | 25,000 | 25,000 | 2,500,000 | 100.00% | 3,718 | (1,240) | (1,240) | |
| Dyaco International Inc. | Dyaco UK Ltd. | United Kingdom | Import, export and selling | 353,080 | 349,656 | 3,137,169 | 99.11% | 34,685 | (95,267) | (94,242) | |
| Dyaco International Inc. | SOLE INC. | United States | Investment | 1,642,867 | 1,642,867 | - | 100.00% | 375,238 | (116,474) | (134,018) | |
| Dyaco International Inc. | President Plastic Productions MFG. Co., Ltd. | Taiwan | Rental of property | 286,640 | 286,640 | 391,000 | 100.00% | 288,949 | 187 | 184 | |
| Dyaco International Inc. | Cikayda Inc. Global Technology (Stock) Company | Taiwan | Manufacturing and selling | 20,000 | 20,000 | 2,000,000 | 100.00% | 16,738 | (558) | (558) | |
| Dyaco International Inc. | CITY SPORTS/(THAILAND)CO., LTD | Thailand | Fitness equipment selling | 12,786 | 12,786 | 176,000 | 44.00% | (4,560) | 4,454 | (2,106) | |
| 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 | 385,814 | 281,369 | 1,668 | 100.00% | 322,790 | (9,458) | (9,458) | |
| Dyaco International Inc. | Dyaco Canada Inc. | Canada | Import, export and selling | 293,945 | 293,945 | 1,000 | 100.00% | 231,819 | (9,402) | (9,402) | |
| Dyaco International Inc. | Hongda Xin Projection Industry (Co., Ltd.) | Taiwan | Film and television industry investment | 4,000 | 4,000 | 400,000 | 40.00% | 3,591 | (217) | (123) | |

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| Investor Company | Investee Company | Location | Main Businesses and Products | Initial Investment | | Ending balance | | | Net income (loss) of investee company | Investment income (loss) recognized | Note |
|-------------------------------------|-----------------------------------|----------------|--|--------------------|-------------------|---------------------------------|---------|-----------------|---------------------------------------|-------------------------------------|------|
| | | | | September 30, 2024 | December 31, 2023 | Number of Shares (In Thousands) | % | Carrying Amount | | | |
| Dyaco International Inc. | Iuvo Industry Co., Ltd | Taiwan | Electric-assisted bicycle manufacturer | 125,000 | 125,000 | 18,300,000 | 91.50% | 100,857 | (18,228) | (17,368) | |
| Dyaco Europe GmbH. | CARDIO fitness GmbH & Co KG | Germany | Import, export and selling | 281,012 | 281,012 | - | 100.00% | 34,271 | (38,407) | (38,407) | |
| Dyaco Europe GmbH. | CARDIO fitness Verwaltungen GmbH | Germany | Investment | 1,026 | 1,026 | - | 100.00% | 936 | (30) | (30) | |
| SOLE INC. | Fitness Equipment Services, LLC | United States | Import, export and selling | 66,465 | 66,465 | - | 100.00% | (248,321) | (22,537) | (122,537) | |
| Dyaco International Holding Limited | Fuel-Spirit International Inc | Mauritius | Import, export and selling | 80,659 | 185,104 | 5,848,450 | 100.00% | 113,469 | 21,075 | 21,075 | |
| Spirit Manufacturing Inc. | Spirit Direct, LLC | United States | Import, export and selling | 63,300 | 63,300 | - | 100.00% | (31,543) | (14,902) | (14,902) | |
| Dyaco UK Ltd. | Neutron Ventures Ltd | United Kingdom | Investment | 145,492 | 145,492 | 308,070 | 100.00% | 74,798 | (50,173) | (53,435) | |
| Neutron Ventures Ltd | Interactive Online Commerce Ltd | United Kingdom | Investment | 192,293 | 192,293 | - | 100.00% | 20,769 | (49,028) | (49,028) | |
| Neutron Ventures Ltd | Neutron Ventures Poland S.p.Z.o.o | Poland | Service industry | 1 | 1 | - | 100.00% | (972) | (1,134) | (1,134) | |
| Interactive Online Commerce Ltd | Sweatband.com Ltd | United Kingdom | Sporting goods selling | 191,105 | 191,105 | - | 100.00% | (20,542) | (49,028) | (49,028) | |

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 September 30, 2024 | Net income(Loss) of investee company | Percentage of Ownership | Investment Income (Loss) recognized | Carrying Amount as of September 30, 2024 | Accumulated amount of investment income remitted back to Taiwan as of September 30, 2024 |
|---|----------------------------------|------------------------------|----------------------|---|------------------|--------|--|--------------------------------------|-------------------------|-------------------------------------|--|--|
| | | | | | Outward | Inward | | | | | | |
| Dyaco (Shanghai) Trading Co., Ltd. | Import, export and selling | 94,950 | Note 1 | 94,950 | - | - | 94,950 | 13,263 | 100.00% | 13,263 | 135,640 | - |
| Shelton Corporation (Jiaxing), Ltd. | Manufacturing and selling | 595,020 | Note 1 | 690,920 | - | - | 690,920 | (25,800) | 60.00% | (21,726) | 749,179 | - |
| Kerr (Shanghai) Rehabilitation Technology Development Co., Ltd. | Healthcare management consulting | 94,950 | Note 2 | - | - | - | - | (204) | 40.00% | (82) | 2,649 | - |

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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.

(ii) Limitation on investment in mainland China:

| Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024 | Investment Amounts Authorized by Investment Commission, MOEA | Ceiling on Investment in Mainland China Imposed by The Investment Commission of MOEA |
|---|--|--|
| 785,870 | 785,870 | - |

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 September 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 | | 10,864,063 | 6.49% |
| ChuanFeng Investment Corporation | | 9,195,776 | 5.50% |
| Ho, I-Hsing Investment Corporation | | 8,622,300 | 5.15% |

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.

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(14) Segment Information

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

| For the three months ended September 30, 2024 | Asia | Americas | Europe | Adjustment/ Eliminations | Total |
|--|---------------------|------------------|-----------------|-------------------------------------|------------------|
| Revenue: | | | | | |
| Revenues from external customers | \$ 349,365 | 984,862 | 252,141 | - | 1,586,368 |
| Intersegment revenues | 929,966 | 7,089 | 18,090 | (955,145) | - |
| Total | \$ 1,279,331 | 991,951 | 270,231 | (955,145) | 1,586,368 |
| Segment income (loss) (Before Tax) to be reported | \$ (12,752) | (56,815) | (58,918) | (9,455) | (137,940) |
| | | | | | |
| For the three months ended September 30, 2023 | | | | | |
| Revenue: | | | | | |
| Revenues from external customers | \$ 204,592 | 1,220,107 | 240,764 | - | 1,665,463 |
| Intersegment revenues | 1,340,114 | 5,027 | 10,532 | (1,355,673) | - |
| Total | \$ 1,544,706 | 1,225,134 | 251,296 | (1,355,673) | 1,665,463 |
| Segment income (loss) (Before Tax) to be reported | \$ 77,919 | (110,377) | (64,919) | 68,796 | (28,581) |

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| | <u>Asia</u> | <u>Americas</u> | <u>Europe</u> | <u>Adjustment/ Eliminations</u> | <u>Total</u> |
|--|----------------------------|-------------------------|-------------------------|-------------------------------------|-------------------------|
| For the Nine Months Ended September 30, 2024 | | | | | |
| Revenue: | | | | | |
| Revenues from external customers | \$ 1,046,337 | 3,067,483 | 735,871 | - | 4,849,691 |
| Intersegment revenues | <u>2,565,559</u> | <u>22,635</u> | <u>60,738</u> | <u>(2,648,932)</u> | <u>-</u> |
| Total | <u>\$ 3,611,896</u> | <u>3,090,118</u> | <u>796,609</u> | <u>(2,648,932)</u> | <u>4,849,691</u> |
| Segment income (loss) (Before Tax) to be reported | <u>\$ 68,377</u> | <u>(144,250)</u> | <u>(144,412)</u> | <u>(27,018)</u> | <u>(247,303)</u> |
| For the Nine Months Ended September 30, 2023 | | | | | |
| Revenue: | | | | | |
| Revenues from external customers | \$ 664,989 | 4,040,323 | 705,449 | - | 5,410,761 |
| Intersegment revenues | <u>3,478,030</u> | <u>18,685</u> | <u>48,594</u> | <u>(3,545,309)</u> | <u>-</u> |
| Total | <u>\$ 4,143,019</u> | <u>4,059,008</u> | <u>754,043</u> | <u>(3,545,309)</u> | <u>5,410,761</u> |
| Segment income (loss) (Before Tax) to be reported | <u>\$ 213,692</u> | <u>(286,958)</u> | <u>(168,405)</u> | <u>45,540</u> | <u>(196,131)</u> |
| Segment assets to be reported | | | | | |
| September 30, 2024 | <u>\$ 11,905,762</u> | <u>3,265,811</u> | <u>597,359</u> | <u>(5,041,796)</u> | <u>10,727,136</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> |
| September 30, 2023 | <u>\$ 6,823,488</u> | <u>4,012,841</u> | <u>677,873</u> | <u>-</u> | <u>11,514,202</u> |
| Segment liabilities to be reported | | | | | |
| September 30, 2024 | <u>\$ 6,133,907</u> | <u>2,873,503</u> | <u>424,971</u> | <u>(3,363,344)</u> | <u>6,069,037</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> |
| September 30, 2023 | <u>\$ 2,845,136</u> | <u>3,482,566</u> | <u>344,108</u> | <u>-</u> | <u>6,671,810</u> |