

## **Dyaco International Inc.**

### **2024 Annual General Shareholders' Meeting Minutes**

( Translation )

Time and Date of Meeting : 9:00 a.m. on May 27, 2024

Place of Meeting : No.1, Gong 1st Rd., Hemei Township, Changhua County

Total outstanding shares of VIS (after deduct the shares as defined in Article 179 of Company Law) : 82,262,365 shares; Total shares represented by shareholders present : 150,646,754 shares; Percentage of shares held by shareholders present : 54.60%

Attendee :

Mr. Yu-Yin ,Lin (The Chairman of the Board of Directors)

Mr. Chih-Cheng, Wang (Independent Director)

Mr. Kai-Li, Wang (Independent Director)

Mr. Jiin-Po, Wu (Independent Director)

Others : Mrs. Wan-I, Liao of Deloitte & Touche

Chairman : Mr. Yu-Yin, Lin

Recorder : Mr. Iuan-Sheng, Chiou

The necessary quorum of members was present in person or by proxy and the Chairman declared the meeting duly constituted and the Company may proceed to business.

#### **I. Chairman's Address (omitted)**

#### **II. Report Items**

1. To report the business of 2023. ( See Attachment A )
2. To report the Audit Committee's Review Report of 2023. ( See Attachment B )
3. To report 2023 remuneration paid to individual directors (including the correlation among the remuneration payment policy, standards and combination, and management performance).  
( See Attachment C )
4. To report the implementation of share repurchase. ( See Attachment D )
5. To report the implementation of the Company's release of domestic of convertible corporate bonds. ( See Attachment E )

6. Amendment to the "Rules of Procedure for Board of Directors Meetings". ( See Attachment F )
7. To implement the improvement plan for the subsidiary's of Cikayda Inc. capital loan and amount exceed the limitaton.

### III. Acknowledgement Items

#### Ratifications matter 1 (Proposed by the Board of Directors)

Subject : To accept 2023 Business Report and Financial Statements.

- Description :
1. The above consolidated financial statements including balance sheet, income statement, statement of changes in shareholders' equity, cash flow statement and business report were approved by resolution of the Board of Directions and submitted for the Audit Committee's review. The financial statements were audited by independent auditors Mr. Hsieh, Chien-Hsin and Ms. Liao, Wan-I of Deloitte Taiwan.
  2. 2023 Business Report is hereto attached as Attachment A.
  3. Standalone and Consolidated Independent Certified Public Accountant Report for the year of 2023 is hereto attached as Attachment G.
  4. Standalone and Consolidated Financial Statement for the year of 2023 is hereto attached as Attachment H.
  5. Please accept the aforementioned.

Resolution:

Voting Results: 78,019,335 shares were represented at the time of voting

Voting Results	% of the total represented shares present
Votes in favor: 77,590,458 Votes (Including votes casted electronically: 9,079,641 Votes)	99.45%
Votes against: 200,069 Votes (Including votes casted electronically: 200,069 Votes)	0.25%
Votes invalid: 0 votes (Including votes casted electronically: 0 Votes)	0.00%
Votes abstained: 228,808 votes (Including votes casted electronically: 110,272 Votes)	0.29%

Resolved: The above proposals be and hereby were approved as proposed.

Ratifications matter 2 (Proposed by the Board of Directors)

- Subject : Ratification of the proposal of the 2023 deficit compensated.
- Description :
1. The loss-off setting table for 2023 can be found at Attachment I.
  2. The Company's pre-tax net loss for the year 2023, so that no director remuneration and employee compensation will be distributed in the absence of profit.
  3. It was approved at the meeting of Board of Directors on March 12, 2024.
  4. Please accept the aforementioned.

Resolution : Voting Results: 78,019,335 shares were represented at the time of voting

Voting Results	% of the total represented shares present
Votes in favor: 77,588,555 Votes (Including votes casted electronically: 9,077,738 Votes)	99.44%
Votes against: 226,237 Votes (Including votes casted electronically: 226.237 Votes)	0.28%
Votes invalid: 0 votes (Including votes casted electronically:0 Votes)	0.00%
Votes abstained: 204,543 votes (Including votes casted electronically: 86,007 Votes)	0.26%

Resolved: The above proposals be and hereby were approved as proposed.

**IV. Discussion matters**

Election matter 1 (Proposed by the Board of Directors)

- Subject : Amendment to the “Articles of Incorporation”.
- Description :
1. In order to operating, it is proposed to amend certain provisions of the Procedures for Articles of Incorporation.
  2. Comparison of Current and amended Procedures for Articles off Incorporation can be found at Attachment J.
  3. Please Vote.

Resolution : Voting Results: 78,019,335 shares were represented at the time of voting

Voting Results	% of the total represented shares present
Votes in favor:72,980,556 Votes (Including votes casted electronically:4,469,739 Votes)	93.54%
Votes against: 4,843,032 Votes (Including votes casted electronically: 4,843,032 Votes)	6.20%

Votes invalid: 0 votes (Including votes casted electronically:0 Votes)	0.00%
Votes abstained: 195,747 votes (Including votes casted electronically:77,211 Votes)	0.25%

Resolved: The above proposals be and hereby were approved as proposed.

Subject : Review to new shares through capitalization of capital surplus.

- Description :
1. In order to expand business scale and strengthen the financial structure, the Company intends to allocate NT\$75,323,380 from the capital surplus generated from the issuance of shares above the face value. This will be done through a capital increase by issuing 7,532,338 new shares, each with a par value of NT\$10 and a distribution of NT\$0.50 per share.
  2. This proposal is planned to be implemented after approval at the 2024 annual general meeting and subsequent confirmation by the regulatory authorities. The proposal entails authorizing the Board of Directors to set the ex-rights and ex-dividend dates separately. According to the shareholders' register as of the ex-rights date, approximately 50 shares will be distributed for every 1,000 shares held. Shareholders who hold fractional shares after the distribution may consolidate their shares with the Company's share registrar within five days from the record date. Any fractional shares remaining after the consolidation, or that are insufficient to constitute a full share, will be converted into cash at face value up to the nearest unit of currency (with fractions below the unit disregarded). Additionally, the chairman is authorized to negotiate with specific individuals for the purchase of fractional shares at face value.
  3. In this case of a capital surplus capital increase and new share issuance, the number of outstanding shares will be calculated based on the date of the Board of Directors' resolution. If there are any factors that subsequently affect the number of outstanding shares and result in changes to the shareholders' allotment ratio, the chairman is authorized to make adjustments.
  4. The issuance of new shares in this capital increase carries the same rights and obligations as the originally issued shares.
  5. In the event that any matters related to this capital increase proposal require amendment due to legal regulations, regulatory approval, or changes in operational assessments in response to objective circumstances, the Board of Directors will seek authorization from the shareholders' meeting to have full authority in handling such changes.
  6. It was approved at the meeting of Board of Directors on March 12, 2024.

7. Please Vote.

Resolution : Voting Results: 78,019,335 shares were represented at the time of voting

Voting Results	% of the total represented shares present
Votes in favor:77,496,302 Votes (Including votes casted electronically:8,985,485 Votes)	99.32%
Votes against: 323,467 Votes (Including votes casted electronically: 323,467 Votes)	0.41%
Votes invalid: 0 votes (Including votes casted electronically:0 Votes)	0.00%
Votes abstained: 199,566 votes (Including votes casted electronically:81,030 Votes)	0.25%

Resolved: The above proposals be and hereby were approved as proposed.

**V. Motions: None.**

**VI. Adjournment ( at 9:28 a.m., May 27, 2024)**

**Dyaco International Inc.****2023 Business Report**

Dear shareholders:

First of all, thank you for your long-term support and love for Dyaco International Inc. In 2023, factors such as high interest rates, elevated inflation, and weaker-than-expected post-pandemic economic performance in China contributed to a global slowdown in demand for end products. This slowdown was further exacerbated by a deceleration in manufacturing activities across various countries. Additionally, the expansion of the US-China chip embargo, the Russia-Ukraine conflict, and the ongoing tensions in the Middle East have contributed to geopolitical tensions characterized by bloc confrontations, further impacting global economic development and social stability. Looking ahead to 2024, both the United States and China, the two major economies, continue to face challenges in consumption and investment. While other major economies, such as Europe, are expected to recover, the economic performance of emerging markets and developing economies surpasses that of 2023. However, the weak economic situation of the United States and China is unlikely to maintain, and therefore, international forecasting institutions believe that while global economic growth in 2024 will be slightly lower than 2023, but nevertheless, there is still an expectation of a revival in global commodity trade. This will help stabilize Taiwan's foreign trade performance.

Dyaco Group must comprehensively transform and enhance its competitiveness, including accelerating product development, responsiveness to market changes, responding to user needs, promoting employee innovation, and improving operational efficiency, which are our urgent goals. Here is a report on the 2023 business results, the 2024 business plan, and future development strategies:

**I. 2023 Business Report****(I) Business Plan Implementation Results**

The global fitness equipment sales market has been suppressed due to the global economic downturn, industry inventory adjustments, and continuous price increases that have made consumers more cautious in their spending behavior. Despite these challenges, Dyaco remains committed to business growth. In the 2023 fiscal year, overall operating revenue increased by 9% compared to the same period last year. However, due to rising expenses and market competition, the expense ratio did not decrease, resulting in a net loss of NT\$110 million after tax, with a loss per share of NT\$0.88.

**(II) Budget Implementation Status**

The Company did not disclose financial forecasts for 2023, the overall operating

performance was affected by the economic environment and market competition, and did not meet the Company's internally formulated business plans.

### (III) Financial Income and Profit Analysis

#### 1. Financial Income

Unit: NT \$1,000

	2023		2022		Increase (Decrease)
	Amount	%	Amount	Amount	%
Net Operating Revenue	7,786,471	100%	7,122,411	100%	9%
Operating Costs	5,119,386	66%	5,037,256	71%	2%
Gross Profit	2,667,085	34%	2,085,155	29%	28%
Operating Expenses	2,765,508	36%	2,441,738	34%	13%
Other Operating Income and Expenses	-1,182	0%	-27,647	0%	-96%
Profit (Loss) from Operations	-99,605	-1%	-384,230	-5%	-74%
Non-Operating Income and Expenses	-69,826	-1%	303,169	4%	-123%
Profit (Loss) before Income Tax	-169,431	-2%	-81,061	-1%	109%
Income Tax Expenses (Benefit)	59,059	1%	-13,622	0%	-534%
Net Income (Loss)	-110,372	-1%	-94,683	-1%	17%

#### 2. Profitability analysis

Item		2023	2022
Liquidity	Quick Ratio (%)	124.82	99.40
	Times Interest Earned	61.91	44.66
	Average Collection Turnover (Times)	-0.73	0.04
Operating ability	Average Inventory Turnover (Times)	7.18	5.19
	Return on Total Assets (%)	1.87	1.55
Profitability	Return on Equity (%)	-0.27	-0.22
	Net Margin (%)	-2.50	-2.24
	Earnings Per Share (NT\$)	-1.42	-1.33
	Quick Ratio (%)	-0.88	-0.61

### (IV) Research and Development Status

The Company's technology is mainly based on the integration of our Research &

Development team, domestic upstream manufacturers, market demand, and research institutions. Through marketing personnel for closer access to the market and customers, we can better understand the development trends of products and the application of new technologies, and carry out product and technology development. When necessary, we will hire relevant consultants for advice, cooperate with schools and research institutions for technology development, making the overall product development efficiency and effectiveness faster and more efficient than competitors.

List of R&D achievements in 2023:

1. Rowing machine with adjustable water resistance
2. High-end commercial treadmill with enhanced user experience via smart cloud analysis
3. Stair stepper with medical grade dual-purpose left and right balance detection
4. Electric treadmill with medical grade six-axis induction gait balance rehabilitation
5. Electric assisted bicycles enter production line
6. Treadmill structure optimization and touch panel integration upgrade
7. Self-recharging exercise bike
8. Digital training content integrated and imported into touch panel models
9. Wheelchair suspended rehabilitation treadmill and assistive device integration

## **II. Summary of 2023 Business Plan**

### **(I) Management Policy**

1. Adhering to the core values of "Brand, Service, and Innovation" for the Company management, developing products and creating value based on people's needs, focusing on providing consumers with simple, comfortable, and safe products, and continuously improving people's health, sports, and leisure life quality.
2. What we offer to our customers is not just a product, but also includes brand beliefs, product creativity, and after-sales experience, thereby enhancing relationships with partners; with this framework, we will continue to expand our own brands SOLE, SPIRIT, and XTERRA, as well as the authorized brand UFC's international market share.



3. Diversifying and expanding new products and brands, developing a new electric-assisted bicycle brand CIKADA, adding UFC mixed martial arts brand weight training, combat fighting, and related training equipment, focusing on the medical technology field's needs for physical treatment and elderly rehabilitation equipment, and cooperating with the American smart fitness content producer STUDIO, combining STUDIO's online fitness courses with Dyaco's fitness equipment, etc.
4. Making the right decisions on key issues and not living in past successes, Dyaco will continue to commit to innovation in R&D technology, collaborate with academia, and extend the Company's R&D advantages by entering the medical rehabilitation equipment field. This way, the Company's products can benefit not only the general public but also people with mobility issues or elderly family members, allowing everyone to enjoy the fun of sports and better care for those in need of help. After all, having a healthy body leads to a better quality of life.

## (II) Marketing Policy

1. Establish e-commerce marketing tools to increase market share beyond physical channels.
2. Strengthen third-party sales platform materials and search engine resources to increase brand exposure in local markets.
3. Continuously develop brand agents in various countries while establishing brand communication platforms.
4. Integrate the official company website and fan pages to improve the Company's image in Taiwan and enhance the exposure of domestic products.
5. Enhance the function of the Company's website and deepen the impression with product press releases.
6. Standardize the design of global physical channel marketing materials.

## (III) Research and Development Policy

1. Actively develop new models for each brand series, offering diverse choices for consumers.
2. Provide cost-effective, practical, and aesthetically pleasing products under certain quality standards, and further introduce intelligent cloud platforms.
3. Strengthen collaboration with academia and continue to enter the medical

rehabilitation equipment field, developing products suitable for the elderly and those with mobility impairments.

4. Develop new intelligent light commercial and commercial equipment series.
5. Combine IoT and wearable devices with sports equipment control, developing products with richer entertainment connections (APP software and 3C product control).

#### (IV) Production Policy

1. Moderately expand production capacity and improve production efficiency to ensure timely delivery, quality improvement, and cost reduction.
2. Integrate the industrial supply chain, enhance management efficiency and quality reliability, establish information sharing mechanisms, quickly respond to end-market demand, and reduce inventory costs while increasing added value.
3. Automated warehousing system introduced to optimize and speed up the picking process.

### **III. Future Company Development Strategy**

#### (I) Consistently Innovating Product Technology

In addition to fitness equipment, Dyaco will continue to care for people. Apart from taking care of the general public's sports and leisure quality, it also wants to take care of the elderly and those with limited mobility, allowing them to enjoy the fun of sports. Therefore, the Company will continue to strengthen cooperation with the academic community to develop fitness and rehabilitation equipment that meets the needs of all levels, and innovate in research and development technology, enhancing the interaction mode between athletes and machines, allowing everyone to enjoy exercising and feel safe doing it, thereby providing people with a different understanding and definition of sports.

#### (II) Developing Health and Rehabilitation Products

Influenced by the trend of exercise and health as well as the arrival of an aging society, the health and care industry has moved away from the traditional service industry atmosphere. Increasingly, more cases of IoT (Internet of Things) technology, AI artificial intelligence, and sensor technology applications have emerged, contributing to the thriving development of the health and care industry. Dyaco is committed to the long-term development of safe rehabilitation equipment, combining research and

innovation capabilities, production technology and scale, and marketing channel strength to provide the best medical rehabilitation equipment worldwide, while also exploring new business opportunities beyond traditional sports and fitness equipment. This year, the Company has officially launched a series of rehabilitation equipment products and is actively promoting sales in various markets.

### (III) Developing The Brand

Adhering to the core values of "Brand, Service, and Innovation" for the Company management, we provide not only products but also brand beliefs, product creativity, and after-sales service experiences to our customers, enhancing relationships with partners. We continue to develop brand agents in various countries while establishing brand communication platforms to expand the market share of our own brands SOLE, SPIRIT, XTERRA, and licensed brand UFC, as well as develop the new electric-assisted bicycle brand CIKADA.

### (IV) Sticking to Principles and Beliefs

1. Our commitment to product quality and customer promises remains unchanged.
2. Our pursuit of excellence and change in research, development, and design remains unchanged.
3. Our principle of integrating the supply chain to benefit both customers and suppliers remains unchanged.
4. Our belief in promoting the brand, deepening local channels, and benefiting more people remains unchanged.
5. Our principle of cultivating international talents and localized management teams remains unchanged.

## **IV. Affected by External Competitive, Regulatory and Overall Operating Environment.**

Looking ahead to 2024, there are still many geopolitical and economic uncertainties affecting global economic performance. Companies continue to face a challenging overall operating environment, testing their resilience. However, we remain committed to the future development of the Company. Particularly, the sales explosion in 2020 not only helped strengthen our brand market share and visibility, but also improved our capabilities in marketing, logistics, and customer service, creating greater competitiveness. Additionally, through upstream and downstream integration, we aim to leverage synergies

in corporate resources and capture more market opportunities.

Overall, in the face of rapidly changing markets and rising production costs, the challenges faced by businesses are becoming increasingly severe. We believe that by adhering to the Company's core management philosophy of sustainable operation, continuously following the Company's planned steps to steadily layout local markets, establishing an innovative growth-oriented corporate culture, fulfilling corporate social responsibility, and taking care of more people in need, we can maintain our competitive advantage and accumulate more strengths, allowing shareholders, customers, and employees to share in the fruitful business results.

Sincerely yours,

Chairman: Lin, Ing-Gin

General Manager: Chen, Ming-Nan

Chief Accountant Officer: Chiu, Yuan-Shen

**Dyaco International Inc.**  
**Audit Committee's Review Report**

(This English version is only a translation of the Chinese version)

The Board of Directors has prepared and submitted the 2023 consolidated financial statements (including standalone financial statements), business report, and earnings distribution proposal. Independent auditors Mr. Hsieh, Chien-Hsin and Ms. Liao, Wan-I of Deloitte & Touche Taiwan audited the consolidated financial statements (including standalone financial statements) and has issued an audit report. These have been reviewed and determined to be correct and accurate by the Audit Committee. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

**Dyaco International Inc.**

Audit Committee convener: Wang, Chih-Cheng

March 29, 2024

**Dyaco International Inc.**

**Remuneration to Individual Directors for 2023**

Unit: NT\$1,000; 1,000 Shares; %

Title	Name	Remuneration								The Aggregate of A, B, C, and D as Percentage of Net Income		Relevant Remuneration Received by Who are also Employees						The Aggregate of A, B, C, D, E, F and G as Percentage of Net Income		Any Other Compensation s from Other Investees or Parent Comany		
		Base Compensation (A)		Base Compensation (A)		Salaries, Bonuses and Special Allowances (E)		Salaries, Bonuses and Special Allowances (E)				Salaries, Bonuses and Special Allowances (E)		Severance Pay and Pensions (F)		Employees' Compensation (G)						
		From Dyaco	From All Consolidated Entities	From Dyaco	From All Consolidated Entities	From Dyaco	From All Consolidated Entities	From Dyaco	From All Consolidated Entities	From Dyaco	From All Consolidated Entities	From Dyaco	From All Consolidated Entities	From Dyaco	From All Consolidated Entities	Cash	Stock	Cash	Stock		From Dyaco	From All Consolidated Entities
Chairman	CHUAN-FENG INVESTMENT CORPORATION Representative: Lin, Yu-Yin(Note 2)	236	236	-	-	-	-	15	15	251 Note 1	251 Note 1	-	-	-	--	-	-	-	-	251 Note 1	251 Note 1	-
Director	Zhuang, Zhu-Wei	-	-	-	-	-	-	105	105	105 Note 1	105 Note 1	-	-	-	--	-	-	-	-	105 Note 1	105 Note 1	-
Director	Yong-Heng Investment Corporation. Representative: Chiu Shih-Chien (Note 3)	-	-	-	-	-	-	30	30	30 Note 1	30 Note 1	-	-	-	--	-	-	-	-	30 Note 1	30 Note 1	-
Independent Director	Wang, Kai-Li	600	600	-	-	-	-	105	105	705 Note 1	705 Note 1	-	-	-	--	-	-	-	-	705 Note 1	705 Note 1	-
Independent Director	Wang, Chih-Cheng	600	600	-	-	-	-	105	105	705 Note 1	705 Note 1	-	-	-	--	-	-	-	-	705 Note 1	705 Note 1	-
Independent Director	Wu, Jiin-Po (Note4)	350	350	-	-	-	-	60	60	410 Note 1	410 Note 1	-	-	-	--	-	-	-	-	410 Note 1	410 Note 1	-
Independent Director	Tu, Chi-Yao (Note4)	350	350	-	-	-	-	60	60	410 Note 1	410 Note 1	-	-	-	--	-	-	-	-	410 Note 1	410 Note 1	-

**【Attachment C】**

Chairman	Lin, Ing-Gin (Note4)	3,051	3,051	-	-	-	-	1,293	1,293	4,344 Note 1	4,344 Note 1	-	-	-	--	-	-	-	4,344 Note 1	4,344 Note 1	-
Director	Chang, Chih-Chuan (Note4)	-	-	-	-	-	-	45	45	45 Note 1	45 Note 1	-	-	-	--	-	-	-	45 Note 1	45 Note 1	-
Director	Wanshida Construction Co., Ltd. Representative: Li, Bo-Yi(Note4)	-	-	-	-	-	-	45	45	45 Note 1	45 Note 1	-	-	-	--	-	-	-	45 Note 1	45 Note 1	-
Independent Director	Hsieh, Chang-Hung (Note4)	250	250	-	-	-	-	45	45	45 Note 1	45 Note 1	-	-	-	--	-	-	-	45 Note 1	45 Note 1	-
Chairman	CHUAN-FENG INVESTMENT CORPORATION Representative: Lin, I-Gin (Note 2)	-	-	-	-	-	-	30	30	30 Note 1	30 Note 1	-	-	-	--	-	-	-	30 Note 1	30 Note 1	-
Director	Yong-Heng Investment Corporation. Representative:Yuk, Lam(Note 3)	-	-	-	-	-	-	15	15	15 Note 1	15 Note 1	-	-	-	--	-	-	-	15 Note 1	15 Note 1	-

Note 1 : The Company's loss for the year 2023, not applicable

Note 2 : Replacement on November 10, 2023

Note 3 : Resignation on October 19, 2023.

Note 4 : Resignation on May 26, 2023

Note 5 : Please describe the policies, systems, standards, and structure of independent directors' remuneration, and explain the relevance with the amount of remuneration based on their responsibilities, risks, and time investment:

- Pursuant to Article 24 of the Company's Articles of Incorporation, the remuneration of the directors of the Company shall be distributed at a rate not exceeding 5% of the profitability of the current year. The procedures for determining remuneration shall be subject to the regulations on the Company's Board of Directors' self-evaluation or peer review. Article 21 of the Company's Articles of Incorporation states that the compensation of directors shall be determined by the Remuneration Committee regarding the extent of their participation in and contribution to the operations, with the reasonable fairness of performance risks linked to the compensation received, and the Board of Directors authorized to make payments in accordance with the Remuneration Committee's assessment and the usual standards of the industry.
- The Company's Articles of Incorporation also stipulate that director remuneration shall not exceed 5% of annual profits. Therefore, the Company adheres to the provisions of the Remuneration Committee Charter and is reviewed by the Committee. The principles of remuneration distribution are as follows: (1) Taking into account the operating performance of the current year, with priority given to the interests of shareholders and employees; (2) Independent directors serving on functional committees bear responsibilities for participating in committee meetings and decisions, hence their remuneration is higher than that of general directors. In the fiscal year 2023, the Company's net loss before tax after deducting employee and director remuneration amounted to NT\$148,100,747. In accordance with Article 24 of the Company's Articles of Incorporation, it is proposed that no director remuneration be distributed due to the absence of profits for the year.

Note 6 : Except for the disclosure above, remuneration paid to the Company' s directors for their services to all the companies listed in the financial statements (e.g., serving as a non-employee adviser): None.

## Dyaco International Inc.

## Implementation Status Report of the Company's Treasury Share

Treasury stocks in batches		2nd Batch	3th Batch
Scheduled buyback plan	Date of Board resolution	February 21, 2020	March 20, 2020
	Purpose of stock buyback	Transfer ownership of shares to employees	Transfer ownership of shares to employees
	Scheduled buyback period	2020/02/24~2020/04/23	2020/03/23~2020/05/19
	Scheduled buyback shares	3,000,000 shares	4,500,000 shares
	Price range	NT\$30~NT\$50	NT\$25~NT\$45
	Scheduled buyback shares (as a percentage of issued shares) (Note 1)	2.61%	3.91%
	Maximum amount of buyback shares	NT\$1,002,912,315	NT\$1,002,912,315
Execution of the buyback plan	Actual buyback period	2020/02/27~2020/03/20	2020/03/23~2020/04/08
	Actual buyback shares	3,000,000 shares	1,565,000 shares
	Actual buyback shares (as a percentage of issued shares) (Note 2)	2.61%	1.36%
	Actual amount of buyback shares	NT\$104,927,035	NT\$50,663,964
	Average price per share	NT\$34.98	NT\$32.37
	Reasons for incompleteness	completed	To protect the interests of shareholders and balance market mechanism, the Company adopts batch buying strategies depending on stock price changes. Therefore, the buyback is not completed.
Status	Nullified	Not Nullified	



**【Attachment D】**

Treasury stocks in batches		4 <sup>th</sup> Batch	5 <sup>th</sup> Batch
Scheduled buyback plan	Date of Board resolution	September 29, 2021	May 11, 2022
	Purpose of stock buyback	Transfer ownership of shares to employees	Transfer ownership of shares to employees
	Scheduled buyback period	2021/09/30~2021/11/29	2022/05/12~2022/07/11
	Scheduled buyback shares	4,000,000 shares	3,000,000 shares
	Price range	NT\$45~NT\$90	NT\$40~NT\$65
	Scheduled buyback shares (as a percentage of issued shares) (Note 1)	2.99%	2.24%
	Maximum amount of buyback shares	NT\$2,937,819,581	NT\$2,937,819,581
Execution of the buyback plan	Actual buyback period	2021/09/30~2021/11/29	2022/05/12~2022/07/11
	Actual buyback shares	2,488,000 shares	2,388,000 shares
	Actual buyback shares (as a percentage of issued shares) (Note 2)	1.86%	1.74%
	Actual amount of buyback shares	NT\$156,988,000	NT\$96,415,064
	Average price per share	NT\$63.10	NT\$41.24
	Reasons for incompleteness	To protect the interests of shareholders and balance market mechanism, the Company adopts batch buying strategies depending on stock price changes. Therefore, the buyback is not completed.	To protect the interests of shareholders and balance market mechanism, the Company adopts batch buying strategies depending on stock price changes. Therefore, the buyback is not completed.
Status	Not Nullified	Not Nullified	

Note 1: Calculated based upon the total issued shares of the Company at the time the buyback was reported.

Note 2: Calculated based upon the total issued shares of the Company after expiration of period or completion of execution.

**Dyaco International Inc.****The implementation of the Company's release of domestic of convertible corporate bonds**

<b>Type of Corporate Bond</b>	<b>2<sup>nd</sup> Domestic Secured Convertible Corporate Bonds</b>	<b>3<sup>rd</sup> Domestic Unsecured Convertible Corporate Bonds</b>
Authorization Article No, By competent authority	Financial Supervisory Commission Order Jin-Kuan-Zhen-Fa 1090351313 on August 6,2020	Financial Supervisory Commission Order Jin-Kuan-Zhen-Fa 1100342571 on May 25,2021
Issue Date	2020.8.24	2021.6.28
Total Amount	NT\$600,000,000	NT\$1,000,000,000
Par Value	NT\$100,000	NT\$100,000
Issue Price	Issued at face value	Issued at face value
Interest Rate	0%	0%
Duration	3 years 2020/8/24~2023/8/24	3 years 2021/6/28~2024/6/28
Assignee	Cathay United Bank	Cathay United Bank
Underwriting Institution	President Securities Corporation	President Securities Corporation
Bond Put-back conditions	Please refer to Article 18 of the terms of issuance and conversion.	Please refer to Article 18 of the terms of issuance and conversion.
Bond Call-Back conditions	Please refer to Article 17 of the terms of issuance and conversion.	Please refer to Article 17 of the terms of issuance and conversion.
Outstanding Amount at 3/31, 2024	Expired date at August 24, 2023	NT\$1,200,000

**Comparison Table for Rules of Procedure for Board of Directors Meetings**

<b>After the Revision</b>	<b>Before the Revision</b>	<b>Description</b>
<p><b>Article 8</b> Board Meeting Materials, Non-voting Participant and Call for Board Meetings (OMITTED) 4. In case when meeting time is due and one-half of all Board directors are not present, the person presiding the Board meeting may announce postponement of the meeting time on the same day, provided that only two postponements may be made. If the quorum is still not met after two such postponements, the person presiding the Board meeting shall re-convene the meeting following the procedures provided in Article 3 point (2). (OMITTED)</p>	<p><b>Article 8</b> Board Meeting Materials, Non-voting Participant and Call for Board Meetings (OMITTED) 4. In case when meeting time is due and one-half of all Board directors are not present, the person presiding the Board meeting may announce postponement of the meeting time, provided that only two postponements may be made. If the quorum is still not met after two such postponements, the person presiding the Board meeting shall re-convene the meeting following the procedures provided in Article 3 point (2). (OMITTED)</p>	<p>To avoid disputes arising from the uncertainty of extending board meetings, it is hereby stipulated that if the attendance is insufficient, the chairman may announce a deadline extension for the meeting by the end of the day.</p>
<p><b>Article 11</b> Agenda Discussion (OMITTED) In the event that the chairman is unable to preside over the board meeting due to unforeseen circumstances or fails to adjourn the meeting as specified in the second clause, the appointment of a proxy shall be determined by the provisions outlined in the second clause of Article 7. If one or more directors raise concerns about insufficient</p>	<p><b>Article 11</b> Agenda Discussion (OMITTED) <u>(Added)</u> If one or more directors raise concerns about insufficient supporting materials for an agenda item during a board meeting and receive agreement from one or more independent directors, they have the option to request a postponement of the deliberation on that proposal. The Board of Directors is required to approve</p>	<p>Considering practical concerns, in the event that the chairman is unable to preside over the board meeting or fails to adjourn the meeting according to regulations during the proceedings, to avoid disrupting the operation of the board, it is proposed to add provisions</p>

<p>supporting materials for an agenda item during a board meeting and receive agreement from one or more independent directors, they have the option to request a postponement of the deliberation on that proposal. The Board of Directors is required to approve such a request.</p> <p>Following a director's speech, the chairman may personally respond or assign relevant personnel to respond, or designate attending professionals to provide necessary information. If a director makes repetitive or off-topic remarks about the same agenda item, impacting other directors' speeches or impeding the progress of the meeting, the chairman may intervene.</p>	<p>such a request.</p> <p>Following a director's speech, the chairman may personally respond or assign relevant personnel to respond, or designate attending professionals to provide necessary information. If a director makes repetitive or off-topic remarks about the same agenda item, impacting other directors' speeches or impeding the progress of the meeting, the chairman may intervene.</p>	<p>specifying the appointment of a proxy. If an individual is unable to fulfill their duties, the chairman will appoint a director to act as a proxy. If the chairman does not appoint a proxy, the directors will collectively choose one to fulfill the role.</p>
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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Dyaco International Inc.

### **Opinion**

We have audited the accompanying consolidated financial statements of Dyaco International Inc. (the "Corporation") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions for the key audit matters of the consolidated financial statements are as follows:

### Impairment of Goodwill

According to IAS 36 “Impairment of Assets”, goodwill arising from the acquisition of a business is subject to an annual impairment test by comparing its carrying amount (including attributable goodwill) with its recoverable amount. As of December 31, 2023, the carrying amount of goodwill held by the Group was \$560,815 thousand, which represented 4.97% of the total assets in the consolidated balance sheets. The impairment test of goodwill involves significant accounting judgments and estimates made by management, especially when estimating the future cash flows and discount rates used to calculate the present value of a cash-generating unit. Thus, the impairment test of goodwill was considered to be a key audit matter. For the accounting policies on impairment of goodwill and the related significant accounting judgments and estimates, refer to Notes 4-k and 5-b. The cash-generating unit of goodwill from business combination and basic assumptions of estimated recoverable amount have been disclosed in Note 18, including the projected future cash flows and discount rates (weighted average cost of capital).

We assessed the professional skills, competencies, and objectivity of independent appraisers hired by management, and also verified the qualifications of appointed appraisers. In addition, we confirmed that nothing would affect the objectivity or restriction of job duties by discussing the job scope and reviewing conditions of appointment with management. We checked whether the method used by independent appraisers was in accordance with the International Accounting Standards (IAS).

We assessed management’s judgments based on the opinion of our financial advisor, especially with regard to material assumptions (including the prediction of future cash flows and discount rates) used by management to confirm the appropriateness of management’s judgments. Our primary audit procedures performed included the following:

1. We tested the data used to estimate recoverable amount of goodwill, such as historical operating revenue, revenue growth rate and gross margin for assessing the reasonableness of assumptions.
2. We compared the budgeted amounts with actual operating results of the Group in 2023 when considering the assessment of reliability prediction for 2024 and future years in order to assess the accuracy of management’s historical predictions.
3. We checked if there were significant differences between the weighted average cost of capital calculated by using the same valuation method and the weighted average cost of capital adopted by the Group to confirm that management applied the appropriate discount rates for assessing goodwill impairment.

### **Other Matter**

We have also audited the parent company only financial statements of Dyaco International Inc. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 29, 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 audit such consolidated financial statements are those generally applied in the Republic of China.*

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



## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Dyaco International Inc.

### **Opinion**

We have audited the accompanying financial statements of Dyaco International Inc. (the "Corporation"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions for the key audit matters of the financial statements are as follows:

#### Evaluation of Impairment Loss on Goodwill from the Subsidiaries Which Are Accounted for by Using the Equity Method

The book value of the subsidiaries which are accounted for using the equity method included the goodwill on acquisition of Dongguan Dayu Sports Equipment Co., Ltd., Shelton Corporation (Jiaying), Ltd., CARDIO fitness GmbH & Co. KG, Dyaco Canada Inc., Fitness Equipment Services, LLC., CITY SPORTS (THAILAND) CO., LTD., Neutron Ventures Ltd. and IUVO Industry Co., Ltd. As of December 31, 2023, the carrying amount of goodwill was \$560,815 thousand. According to IAS 36 “Impairment of Assets”, goodwill arising from the acquisition of a business is subject to an annual impairment test by comparing its carrying amount (including attributable goodwill) with its recoverable amount. The impairment test of goodwill impairment involves significant accounting judgments and estimates made by management, especially when estimating the future cash flows and discount rates used to calculate the present value of a cash-generating unit. Thus, the impairment test of goodwill was considered to be a key audit matter. For the accounting policies, significant accounting judgments and estimates related to goodwill, refer to Notes 4-f and 5-b. The cash-generating unit of goodwill arising from business combination and basic assumptions of estimated recoverable amount have been disclosed in Note 13-b, including the projected future cash flows and discount rates (weighted average cost of capital).

We assessed the professional skills, competencies, and objectivity of independent appraisers hired by management, and also verified the qualifications of appointed appraisers. In addition, we confirmed that nothing would affect the objectivity or restriction of job duties by discussing the job scope and reviewing conditions of appointment with management. We checked whether the method used by the independent appraisers was in accordance with the International Accounting Standards (IAS).

We assessed management’s judgments based on the opinion of our financial advisor, especially with regard to material assumptions, (including the prediction of future cash flows and discount rates) used by management to confirm the appropriateness of management’s judgments. Our primary audit procedures performed included the following:

1. We tested the data used to estimate recoverable amount of goodwill, such as historical operating revenue, revenue growth rate and gross margin for assessing the reasonableness of assumptions.
2. We compared the budgeted amounts with actual operating results of the Corporation in 2023 when considering the assessment of reliability prediction for 2024 and future years in order to assess the accuracy of management’s historical predictions.
3. We checked if there were significant differences between the weighted average cost of capital calculated by using the same valuation method and the weighted average cost of capital adopted by the Corporation to confirm that management applied the appropriate discount rates for assessing goodwill impairment.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation’s financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 29, 2024

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

**DYACO INTERNATIONAL INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 1,158,512	10	\$ 1,120,781	9
Financial assets at fair value through profit or loss (Notes 4 and 7)	16,555	-	3,739	-
Financial assets at amortized cost (Notes 4, 9 and 37)	83,095	1	240,578	2
Notes receivable (Notes 4, 10 and 27)	984	-	940	-
Accounts receivable (Notes 4, 10 and 27)	1,071,044	9	1,095,392	9
Other receivables (Notes 4 and 10)	15,099	-	65,176	1
Other receivables from related parties (Note 36)	-	-	24,909	-
Current tax assets (Note 29)	93,998	1	51,611	1
Inventories (Notes 4, 5, 11 and 37)	2,474,495	22	2,989,456	25
Prepayments (Note 12)	187,734	2	214,900	2
Other current assets	12,395	-	10,618	-
Total current assets	<u>5,113,911</u>	<u>45</u>	<u>5,818,100</u>	<u>49</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non - current (Notes 4 and 7)	118,124	1	147,071	1
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	50,970	1	65,697	-
Financial assets at amortized cost- non-current (Note 9)	6,141	-	30,710	-
Investments accounted for using the equity method (Notes 4 and 14)	6,368	-	6,823	-
Property, plant and equipment (Notes 4, 15, 36 and 37)	3,755,859	33	3,691,829	31
Right-of-use assets (Notes 4, 16 and 37)	286,306	3	311,457	3
Investment properties (Notes 4, 17 and 37)	25,258	-	28,547	-
Goodwill (Notes 4, 5, 18 and 32)	560,815	5	558,377	5
Other intangible assets (Notes 4, 19 and 36)	754,346	7	796,867	7
Deferred income tax assets (Notes 4 and 29)	493,769	4	453,080	4
Prepayments for equipment	3,679	-	9,487	-
Refundable deposits	78,064	1	36,312	-
Other non-current assets	35,564	-	10,242	-
Total non-current assets	<u>6,175,263</u>	<u>55</u>	<u>6,146,499</u>	<u>51</u>
<b>TOTAL</b>	<u>\$ 11,289,174</u>	<u>100</u>	<u>\$ 11,964,599</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 20 and 37)	\$ 2,118,015	19	\$ 2,390,915	20
Financial liabilities at fair value through profit or loss (Notes 4 and 7)	-	-	25,305	-
Contract liabilities (Note 27)	145,721	1	177,567	2
Notes payable (Note 22)	43,705	1	46,117	-
Accounts payable (Note 22)	941,012	8	1,015,770	9
Other payables (Note 23)	457,690	4	497,800	4
Other payables to related parties (Note 36)	8,598	-	-	-
Current income tax liabilities (Note 29)	7,066	-	10,696	-
Provisions (Notes 4 and 24)	12,044	-	13,927	-
Lease liabilities (Notes 4 and 16)	11,613	-	16,522	-
Current portion of bonds payable (Notes 4 and 21)	1,200	-	1,398,537	12
Current portion of long-term borrowings (Notes 20 and 37)	296,527	3	218,987	2
Other current liabilities	38,492	-	40,989	-
Total current liabilities	<u>4,081,683</u>	<u>36</u>	<u>5,853,132</u>	<u>49</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 20 and 37)	1,918,802	17	1,483,762	12
Deferred tax liabilities (Notes 4 and 29)	423,526	4	437,337	4
Lease liabilities (Notes 4 and 16)	13,926	-	23,708	-
Long-term payable (Note 23)	58,829	1	83,093	1
Other payables to related parties (Note 36)	7,369	-	-	-
Net defined benefit liabilities (Note 25)	11,647	-	16,467	-
Guarantee deposits received	1,715	-	3,140	-
Total non-current liabilities	<u>2,435,814</u>	<u>22</u>	<u>2,047,507</u>	<u>17</u>
Total liabilities	<u>6,517,497</u>	<u>58</u>	<u>7,900,639</u>	<u>66</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 26)</b>				
Share capital				
Ordinary shares	1,596,097	14	1,341,147	11
Capital surplus	2,756,721	25	2,142,919	18
Retained earnings				
Legal reserve	329,002	3	329,002	3
Special reserve	126,177	1	238,087	2
Unappropriated earnings	100,471	1	170,420	1
Total retained earnings	555,650	5	737,509	6
Other equity	(125,684)	(1)	(126,177)	(1)
Treasury shares	(408,690)	(4)	(426,290)	(3)
Total equity attributable to owners of the Corporation	4,374,094	39	3,669,108	31
<b>NON-CONTROLLING INTERESTS (Notes 13 and 26)</b>	<u>397,583</u>	<u>3</u>	<u>394,852</u>	<u>3</u>
Total equity	<u>4,771,677</u>	<u>42</u>	<u>4,063,960</u>	<u>34</u>
<b>TOTAL</b>	<u>\$ 11,289,174</u>	<u>100</u>	<u>\$ 11,964,599</u>	<u>100</u>

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

## DYACO INTERNATIONAL INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4 and 27)	\$ 7,970,344	102	\$ 7,298,112	102
LESS: SALES RETURNS	35,540	-	30,878	-
SALES DISCOUNTS AND ALLOWANCES	<u>148,333</u>	<u>2</u>	<u>144,823</u>	<u>2</u>
NET OPERATING REVENUE	7,786,471	100	7,122,411	100
OPERATING COSTS (Notes 11 and 28)				
Cost of sales	<u>5,119,386</u>	<u>66</u>	<u>5,037,256</u>	<u>71</u>
GROSS PROFIT	<u>2,667,085</u>	<u>34</u>	<u>2,085,155</u>	<u>29</u>
OPERATING EXPENSES (Note 28)				
Selling and marketing	1,834,475	24	1,492,314	21
General and administrative	815,672	10	768,083	11
Research and development (Note 10)	118,559	1	108,315	1
Expected credit (gain) loss	<u>(3,198)</u>	<u>-</u>	<u>73,026</u>	<u>1</u>
Total operating expenses	<u>2,765,508</u>	<u>35</u>	<u>2,441,738</u>	<u>34</u>
OTHER OPERATING INCOME AND EXPENSES (Note 28)	<u>(1,182)</u>	<u>-</u>	<u>(27,647)</u>	<u>-</u>
LOSS FROM OPERATIONS	<u>(99,605)</u>	<u>(1)</u>	<u>(384,230)</u>	<u>(5)</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	13,404	-	2,275	-
Rental income	9,924	-	14,480	-
Other income	25,016	-	36,912	1
Foreign exchange gain, net (Note 28)	15,117	-	441,757	6
Impairment loss (Note 14)	-	-	(24,882)	-
Expected credit loss (Note 10)	-	-	(39,500)	(1)
Loss on valuation of financial instruments	(30,660)	-	(768)	-
Other expenses (Notes 10 and 28)	(4,398)	-	(40,609)	(1)
Interest expense (Note 28)	(97,894)	(1)	(84,529)	(1)
Share of loss of associates (Note 14)	<u>(335)</u>	<u>-</u>	<u>(1,967)</u>	<u>-</u>
Total non-operating income and expenses	<u>(69,826)</u>	<u>(1)</u>	<u>303,169</u>	<u>4</u>
LOSS BEFORE INCOME TAX	(169,431)	(2)	(81,061)	(1)

(Continued)

## DYACO INTERNATIONAL INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2023		2022	
	Amount	%	Amount	%
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 29)	<u>59,059</u>	<u>1</u>	<u>13,622</u>	<u>-</u>
NET LOSS	<u>(228,490)</u>	<u>(3)</u>	<u>(94,683)</u>	<u>(1)</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan	4,655	-	2,584	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(14,661)	-	(4,907)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 29)	<u>(931)</u>	<u>-</u>	<u>(517)</u>	<u>-</u>
	<u>(10,937)</u>	<u>-</u>	<u>(2,840)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>7,632</u>	<u>-</u>	<u>116,925</u>	<u>1</u>
Total other comprehensive gain (loss)	<u>(3,305)</u>	<u>-</u>	<u>114,085</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ (231,795)</u>	<u>(3)</u>	<u>\$ 19,402</u>	<u>-</u>
NET (LOSS) PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ (122,770)	(1)	\$ (76,129)	(1)
Non-controlling interests	<u>12,398</u>	<u>-</u>	<u>(18,554)</u>	<u>-</u>
	<u>\$ (110,372)</u>	<u>(1)</u>	<u>\$ (94,683)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ (118,553)	(1)	\$ 37,842	-
Non-controlling interests	<u>4,876</u>	<u>-</u>	<u>(18,440)</u>	<u>-</u>
	<u>\$ (113,677)</u>	<u>(1)</u>	<u>\$ 19,402</u>	<u>-</u>
LOSS PER SHARE (Note 30)				
Basic	<u>\$ (0.88)</u>		<u>\$ (0.61)</u>	

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

(Concluded)

**DYACO INTERNATIONAL INC. AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)

	Equity Attributable to Owners of the Corporation (Note 26)											
	Share Capital			Retained Earnings			Other Equity		Treasury Shares	Total	Non-controlling Interests (Notes 13 and 26)	Total Equity
	Ordinary Shares	Advance Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2022	\$ 1,339,822	\$ 400	\$ 2,115,925	\$ 284,853	\$ 175,628	\$ 676,407	\$ (235,721)	\$ (2,360)	\$ (368,604)	\$ 3,986,350	\$ 394,933	\$ 4,381,283
Issuance of ordinary shares under employee share options (Note 31)	1,325	(400)	38,932	-	-	-	-	-	-	39,857	-	39,857
Changes in capital surplus from investments using the equity method (Note 13)	-	-	-	-	-	(7,815)	-	-	-	(7,815)	7,815	-
Appropriation of prior year's earnings	-	-	-	44,149	-	(44,149)	-	-	-	-	-	-
Legal reserve	-	-	-	44,149	-	(44,149)	-	-	-	-	-	-
Special reserve	-	-	-	-	62,459	(62,459)	-	-	-	-	-	-
Cash dividends to shareholder - NT\$2.50 per share	-	-	-	-	-	(317,502)	-	-	-	(317,502)	-	(317,502)
	-	-	-	44,149	62,459	(424,110)	-	-	-	(317,502)	-	(317,502)
Net loss for the year ended December 31, 2022	-	-	-	-	-	(76,129)	-	-	-	(76,129)	(18,554)	(94,683)
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	2,067	116,811	(4,907)	-	113,971	114	114,085
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	(74,062)	116,811	(4,907)	-	37,842	(18,440)	19,402
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	6,200	6,200
Buy-back of ordinary shares (Note 26)	-	-	-	-	-	-	-	-	(96,415)	(96,415)	-	(96,415)
Treasury shares transferred to employees (Note 26)	-	-	(11,938)	-	-	-	-	-	38,729	26,791	4,344	31,135
BALANCE AT DECEMBER 31, 2022	1,341,147	-	2,142,919	329,002	238,087	170,420	(118,910)	(7,267)	(426,290)	3,669,108	394,852	4,063,960
Changes in capital surplus from investments using the equity method (Note 31)	-	-	3,321	-	-	-	-	-	-	3,321	(3,321)	-
Issuance of new ordinary shares for cash	250,000	-	572,332	-	-	-	-	-	-	822,332	-	822,332
Organization restructure	-	-	(702)	-	-	-	-	-	-	(702)	702	-
Issuance of ordinary shares under employee share options (Note 31)	4,950	-	41,824	-	-	-	-	-	-	46,774	474	47,248
Appropriation of prior year's earnings	-	-	-	-	-	(62,813)	-	-	-	(62,813)	-	(62,813)
Cash dividends to shareholder - NT\$0.50 per share	-	-	-	-	-	(62,813)	-	-	-	(62,813)	-	(62,813)
Reversal of special reserve	-	-	-	-	(111,910)	111,910	-	-	-	-	-	-
	-	-	-	-	(111,910)	49,097	-	-	-	(62,813)	-	(62,813)
Net profit for the year ended December 31, 2023	-	-	-	-	-	(122,770)	-	-	-	(122,770)	12,398	(110,372)
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	3,724	15,154	(14,661)	-	4,217	(7,522)	(3,305)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	(119,046)	15,154	(14,661)	-	(118,553)	4,876	(113,677)
Treasury shares transferred to employees (Note 26)	-	-	(2,973)	-	-	-	-	-	17,600	14,627	-	14,627
BALANCE AT DECEMBER 31, 2023	\$ 1,596,097	\$ -	\$ 2,756,721	\$ 329,002	\$ 126,177	\$ 100,471	\$ (103,756)	\$ (21,928)	\$ (408,690)	\$ 4,374,094	\$ 397,583	\$ 4,771,677

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



## DYACO INTERNATIONAL INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	\$ (169,431)	\$ (81,061)
Adjustments for:		
Depreciation expense	183,356	173,448
Amortization expense	82,791	80,321
Expected credit loss recognized (reversal of losses)	(3,198)	112,526
Net loss on fair value changes of financial instrument at fair value through profit or loss	30,660	768
Interest expense	97,894	84,529
Interest income	(13,404)	(2,275)
Compensation costs of employee share options	29,972	40,788
Share of loss of associates	335	1,967
(Gain) loss on disposal of property, plant and equipment	1,182	(433)
Loss on inventories valuation and obsolescence	65,465	73,502
Impairment losses	-	24,882
Impairments loss on prepayment for goods	-	28,080
Gain on redemption of bonds payable	(270)	-
Unrealized gain on foreign currency exchange	(100,146)	(409,046)
Changes in operating assets and liabilities		
Notes receivable	(44)	550
Accounts receivable	29,729	601,778
Accounts receivables from related parties	-	(24,909)
Other receivables	50,077	(36,586)
Other receivable from related parties	24,909	-
Inventories	582,662	768,900
Prepayments	27,166	(86,992)
Other current assets	(1,777)	8,126
Contract liabilities	(31,846)	156,097
Notes payable	(2,412)	12,846
Accounts payable	(78,231)	(476,108)
Other payables	(43,005)	(200,542)
Provisions	(1,479)	(5,012)
Other current liabilities	(2,497)	(35,572)
Net defined benefit liabilities	(165)	(233)
Cash generated from operations	758,293	810,339
Interest received	13,404	2,275
Interest paid	(113,647)	(65,346)
Income tax paid	(41,440)	(120,502)
Net cash generated from operating activities	<u>616,610</u>	<u>626,766</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	-	(11,761)
Proceeds from sale of financial assets at amortized cost	182,052	21,106

(Continued)

## DYACO INTERNATIONAL INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Purchase of financial assets at fair value through profit or loss	(17,400)	(600)
Purchase of investments accounted for using the equity method	-	(4,000)
Net cash outflow on acquisition of subsidiaries (Note 32)	-	(49,951)
Payments for property, plant and equipment (Note 33)	(218,197)	(355,560)
Proceeds from disposal of property, plant and equipment	12	17,216
Increase in refundable deposits	(41,752)	(12,872)
Payments for intangible assets (Note 33)	(45,901)	(32,811)
Increase in other non-current assets	<u>(25,322)</u>	<u>(7,387)</u>
Net cash used in investing activities	<u>(166,508)</u>	<u>(436,620)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	(300,981)	(502,054)
Repayments of corporate bonds	(1,407,553)	-
Proceeds from long-term borrowings	765,513	723,145
Repayments of long-term borrowings	(223,637)	(166,873)
Refund of guarantee deposits received	(1,439)	176
Repayment of the principal portion of lease liabilities	(20,781)	(25,962)
Cash dividends	(62,813)	(317,502)
Issuance of new ordinary shares for cash	822,332	-
Exercise of employee share options	17,276	3,413
Payments for buy-back of ordinary shares	-	(96,415)
Proceeds from treasury shares transferred to employees	<u>14,627</u>	<u>26,791</u>
Net cash used in financing activities	<u>(397,456)</u>	<u>(355,281)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>(14,915)</u>	<u>73,280</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	37,731	(91,855)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>		
	<u>1,120,781</u>	<u>1,212,636</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>		
	<u>\$ 1,158,512</u>	<u>\$ 1,120,781</u>

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

(Concluded)

# DYACO INTERNATIONAL INC.

## BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 440,404	5	\$ 465,110	5
Financial assets at fair value through profit or loss (Notes 4, 7 and 32)	16,555	-	3,739	-
Financial assets at amortized cost (Notes 4, 9 and 34)	43,955	-	233,678	2
Notes receivable (Notes 4, 10 and 24)	832	-	691	-
Accounts receivable (Notes 4, 10 and 24)	99,370	1	74,405	1
Accounts receivable from related parties (Notes 4, 24 and 33)	1,957,683	21	1,975,808	21
Other receivables (Notes 4 and 10)	10,156	-	9,856	-
Other receivables from related parties (Notes 4 and 33)	1,039,858	11	748,871	8
Current tax assets (Note 26)	58,563	1	48,443	1
Inventories (Notes 4, 5 and 11)	296,876	3	323,380	3
Prepayments (Note 12)	90,546	1	81,688	1
Other current assets	8,569	-	6,515	-
Total current assets	<u>4,063,367</u>	<u>43</u>	<u>3,972,184</u>	<u>42</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss (Notes 4, 7 and 32)	118,124	1	147,071	2
Financial assets at fair value through other comprehensive income (Notes 4, 8 and 32)	47,497	1	61,824	1
Financial assets at amortized cost (Note 9)	6,141	-	30,710	-
Investments accounted for using the equity method (Notes 4, 5 and 13)	2,746,524	29	3,005,652	31
Property, plant and equipment (Notes 4, 14 and 34)	1,926,584	21	1,801,014	19
Right-of-use assets (Notes 4, 15 and 33)	5,001	-	12,821	-
Investment properties (Notes 4, 16 and 34)	18,690	-	19,569	-
Intangible assets (Notes 4 and 17)	96,776	1	104,955	1
Deferred income tax assets (Notes 4 and 26)	409,809	4	387,112	4
Prepayments for equipment	3,679	-	1,644	-
Refundable deposits (Note 33)	4,910	-	5,168	-
Other non-current assets	5,683	-	5,683	-
Total non-current assets	<u>5,389,418</u>	<u>57</u>	<u>5,583,223</u>	<u>58</u>
<b>TOTAL</b>	<u>\$ 9,452,785</u>	<u>100</u>	<u>\$ 9,555,407</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 18 and 34)	\$ 1,930,000	21	\$ 2,175,500	23
Financial liabilities at fair value through profit or loss (Notes 4, 7 and 32)	-	-	25,305	-
Contract liabilities (Note 24)	13,880	-	37,470	-
Notes payable (Note 20)	26,789	-	18,059	-
Accounts payable (Note 20)	371,349	4	275,828	3
Accounts payable to related parties (Note 33)	635,929	7	402,944	4
Other payables (Note 21)	131,755	2	124,387	1
Other payables to related parties (Note 33)	26,020	-	41,880	1
Current income tax liabilities (Note 26)	-	-	2,544	-
Lease liabilities (Notes 4, 15 and 33)	1,675	-	3,766	-
Current portion of bonds payable (Notes 4 and 19)	1,200	-	1,398,537	15
Current portion of long-term borrowings (Notes 18 and 34)	280,698	3	150,600	2
Other current liabilities	19,295	-	28,330	-
Total current liabilities	<u>3,438,590</u>	<u>37</u>	<u>4,685,150</u>	<u>49</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 18 and 34)	1,420,092	15	965,613	10
Deferred tax liabilities (Notes 4 and 26)	128,350	1	126,030	2
Lease liabilities (Notes 4, 15 and 33)	3,557	-	9,308	-
Long-term payables (Note 21)	58,829	1	83,093	1
Other payables to related parties	7,369	-	-	-
Net defined benefit liabilities (Notes 4 and 22)	11,647	-	16,467	-
Guarantee deposits received	651	-	638	-
Credit balance of investments accounted for using the equity method (Notes 4 and 13)	9,606	-	-	-
Total non-current liabilities	<u>1,640,101</u>	<u>17</u>	<u>1,201,149</u>	<u>13</u>
Total liabilities	<u>5,078,691</u>	<u>54</u>	<u>5,886,299</u>	<u>62</u>
<b>EQUITY (Note 23)</b>				
Share capital				
Ordinary shares	<u>1,596,097</u>	<u>17</u>	<u>1,341,147</u>	<u>14</u>
Capital surplus	<u>2,756,721</u>	<u>29</u>	<u>2,142,919</u>	<u>22</u>
Retained earnings				
Legal reserve	329,002	4	329,002	3
Special reserve	126,177	1	238,087	3
Unappropriated earnings	<u>100,471</u>	<u>1</u>	<u>170,420</u>	<u>2</u>
Total retained earnings	<u>555,650</u>	<u>6</u>	<u>737,509</u>	<u>8</u>
Other equity	<u>(125,684)</u>	<u>(2)</u>	<u>(126,177)</u>	<u>(1)</u>
Treasury shares	<u>(408,690)</u>	<u>(4)</u>	<u>(426,290)</u>	<u>(5)</u>
Total equity	<u>4,374,094</u>	<u>46</u>	<u>3,669,108</u>	<u>38</u>
<b>TOTAL</b>	<u>\$ 9,452,785</u>	<u>100</u>	<u>\$ 9,555,407</u>	<u>100</u>

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

## DYACO INTERNATIONAL INC.

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 33)	\$ 3,679,724	100	\$ 2,732,707	100
LESS: SALES RETURNS	2,210	-	1,498	-
SALES DISCOUNTS AND ALLOWANCES	<u>4,716</u>	<u>-</u>	<u>2,307</u>	<u>-</u>
NET OPERATING REVENUE	3,672,798	100	2,728,902	100
OPERATING COSTS (Notes 11, 25 and 33)				
Cost of sales	<u>2,829,679</u>	<u>77</u>	<u>2,220,359</u>	<u>81</u>
GROSS PROFIT	843,119	23	508,543	19
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>24,933</u>	<u>1</u>	<u>207,264</u>	<u>7</u>
REALIZED GROSS PROFIT	<u>868,052</u>	<u>24</u>	<u>715,807</u>	<u>26</u>
OPERATING EXPENSES (Notes 10, 25 and 33)				
Selling and marketing	214,897	6	249,060	9
General and administrative	152,226	4	162,213	6
Research and development	109,600	3	96,467	4
Expected credit (gain) loss	<u>(11,525)</u>	<u>-</u>	<u>12,474</u>	<u>-</u>
Total operating expenses	<u>465,198</u>	<u>13</u>	<u>520,214</u>	<u>19</u>
OTHER OPERATING INCOME (Notes 25 and 33)	<u>9,923</u>	<u>-</u>	<u>50</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>412,777</u>	<u>11</u>	<u>195,643</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of subsidiaries and associates	(478,056)	(13)	(536,210)	(20)
Interest income (Note 33)	8,696	-	1,520	-
Rental income (Note 33)	4,407	-	4,431	-
Other income	11,185	1	24,463	1
Foreign exchange (loss) gain, net (Note 25)	(3,259)	-	400,357	15
Loss on valuation of financial instruments	(30,660)	(1)	(768)	-
Impairment loss (Note 13)	-	-	(24,882)	(1)
Other expenses	(1,367)	-	(3,075)	-
Expected credit loss (Note 10)	-	-	(39,500)	(1)
Interest expense (Notes 25 and 33)	<u>(71,825)</u>	<u>(2)</u>	<u>(57,150)</u>	<u>(2)</u>
Total non-operating income and expenses	<u>(560,879)</u>	<u>(15)</u>	<u>(230,814)</u>	<u>(8)</u>

(Continued)

## DYACO INTERNATIONAL INC.

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2023		2022	
	Amount	%	Amount	%
LOSS BEFORE INCOME TAX	(148,102)	(4)	(35,171)	(1)
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 26)	<u>25,332</u>	<u>1</u>	<u>(40,958)</u>	<u>(2)</u>
NET LOSS	<u>(122,770)</u>	<u>(3)</u>	<u>(76,129)</u>	<u>(3)</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 22)	4,655	-	2,584	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(14,327)	-	(4,680)	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(334)	-	(227)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 26)	<u>(931)</u>	<u>-</u>	<u>(517)</u>	<u>-</u>
	<u>(10,937)</u>	<u>-</u>	<u>(2,840)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>15,154</u>	<u>-</u>	<u>116,811</u>	<u>4</u>
Other comprehensive loss for the period, net of income tax	<u>4,217</u>	<u>-</u>	<u>113,971</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ (118,553)</u>	<u>(3)</u>	<u>\$ 37,842</u>	<u>1</u>
LOSS PER SHARE (Note 27)				
Basic	<u>\$ (0.88)</u>		<u>\$ (0.61)</u>	

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

(Concluded)

**DYACO INTERNATIONAL INC.**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)**

	Share Capital			Retained Earnings			Other Equity		Treasury Shares	Total Equity
	Ordinary Shares	Advance Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2022	\$ 1,339,822	\$ 400	\$ 2,115,925	\$ 284,853	\$ 175,628	\$ 676,407	\$ (235,721)	\$ (2,360)	\$ (368,604)	\$ 3,986,350
Issuance of ordinary shares under employee share options (Note 28)	1,325	(400)	38,932	-	-	-	-	-	-	39,857
Changes in capital surplus from investments using the equity method	-	-	-	-	-	(7,815)	-	-	-	(7,815)
Appropriation of prior year's earnings										
Legal reserve	-	-	-	44,149	-	(44,149)	-	-	-	-
Special reserve	-	-	-	-	62,459	(62,459)	-	-	-	-
Cash dividends to shareholder - NT\$2.50 per share	-	-	-	-	-	(317,502)	-	-	-	(317,502)
	-	-	-	44,149	62,459	(424,110)	-	-	-	(317,502)
Net loss for the year ended December 31, 2022	-	-	-	-	-	(76,129)	-	-	-	(76,129)
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	2,067	116,811	(4,907)	-	113,971
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	(74,062)	116,811	(4,907)	-	37,842
Buy-back of ordinary shares (Note 23)	-	-	-	-	-	-	-	-	(96,415)	(96,415)
Treasury shares transferred to employees (Note 23)	-	-	(11,938)	-	-	-	-	-	38,729	26,791
BALANCE AT DECEMBER 31, 2022	1,341,147	-	2,142,919	329,002	238,087	170,420	(118,910)	(7,267)	(426,290)	3,669,108
Changes in capital surplus from investments using the equity method	-	-	3,321	-	-	-	-	-	-	3,321
Issuance of new ordinary shares for cash	250,000	-	572,332	-	-	-	-	-	-	822,332
Organization restructure	-	-	(702)	-	-	-	-	-	-	(702)
Issuance of ordinary shares under employee share options (Note 28)	4,950	-	41,824	-	-	-	-	-	-	46,774
Appropriation of prior year's earnings										
Share dividends to shareholder - NT\$0.5 per share	-	-	-	-	-	(62,813)	-	-	-	(62,813)
Reversal of Special reserve	-	-	-	-	(111,910)	111,910	-	-	-	-
	-	-	-	-	(111,910)	49,097	-	-	-	(62,813)
Net loss for the year ended December 31, 2023	-	-	-	-	-	(122,770)	-	-	-	(122,770)
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	3,724	15,154	(14,661)	-	4,217
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	(119,046)	15,154	(14,661)	-	(118,553)
Treasury shares transferred to employees (Note 23)	-	-	(2,973)	-	-	-	-	-	17,600	14,627
BALANCE AT DECEMBER 31, 2023	\$ 1,596,097	\$ -	\$ 2,756,721	\$ 329,002	\$ 126,177	\$ 100,471	\$ (103,756)	\$ (21,928)	\$ (408,690)	\$ 4,374,094

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

# DYACO INTERNATIONAL INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	\$ (148,102)	\$ (35,171)
Adjustments for:		
Depreciation expense	66,480	68,043
Amortization expense	33,422	31,207
Expected credit loss (reversed) recognized	(11,525)	51,974
Net loss on fair value changes of financial instrument at fair value through profit or loss	30,660	768
Interest expense	71,825	57,150
Interest income	(8,696)	(1,520)
Impairment loss	-	24,882
Compensation costs of employee share options	23,553	19,068
Share of loss (profit) of subsidiaries and associates accounted for using the equity method	478,056	536,210
Gain on disposal of property, plant and equipment	(48)	(50)
Loss on inventories valuation and obsolescence	10,666	39,056
Realized gain on the transactions with subsidiaries	(24,933)	(207,264)
Unrealized loss (gain) on foreign currency exchange	29,126	(36,951)
Gain on redemption of bonds payable	(270)	-
Changes in operating assets and liabilities		
Notes receivable	(141)	799
Accounts receivable	(18,094)	19,209
Accounts receivable from related parties	(3,806)	(485,232)
Other receivables	(300)	2,754
Other receivables from related parties	(165,025)	748,584
Inventories	15,838	116,183
Prepayments	(9,679)	(41,675)
Other current assets	(2,054)	12,408
Contract liabilities	(21,895)	28,753
Notes payable	8,730	(15,132)
Accounts payable	96,730	(70,188)
Accounts payable to related parties	237,167	(223,177)
Other payables	6,497	(55,559)
Other payables to related parties	(8,491)	41,547
Other current liabilities	(9,035)	(30,909)
Net defined benefit liabilities	(165)	(233)
Cash generated from operations	676,491	595,534
Interest received	8,696	1,520
Interest paid	(86,944)	(38,049)
Income tax paid	(8,640)	(97,340)
Net cash generated from operating activities	<u>589,603</u>	<u>461,665</u>

### CASH FLOWS FROM INVESTING ACTIVITIES

(Continued)

# DYACO INTERNATIONAL INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Purchase of financial assets at fair value through other comprehensive income	-	(11,760)
Proceeds from sale of financial assets at amortized cost	214,292	28,006
Purchase of financial assets at fair value through profit or loss	(17,400)	(600)
Purchase of investments accounted for using the equity method	-	(4,000)
Increase in investments in subsidiaries (Note 13)	(161,005)	(70,000)
Net cash outflow on acquisition of subsidiaries (Note 13)	-	(55,000)
Payments for property, plant and equipment (Note 30)	(191,651)	(250,430)
Proceeds from disposal of property, plant and equipment	57	13,148
Decrease in refundable deposits	258	3,569
Increase in other receivables from related parties	(126,914)	(42,682)
Payments for intangible assets (Note 30)	<u>(47,081)</u>	<u>(24,095)</u>
Net cash used in investing activities	<u>(329,444)</u>	<u>(413,844)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	(245,500)	(168,450)
Repayments of corporate bonds	(1,407,553)	-
Proceeds from long-term borrowings	765,512	521,320
Repayments of long-term borrowings	(180,935)	(158,907)
Refund of guarantee deposits received	13	-
Repayment of the principal portion of lease liabilities	(3,252)	(6,467)
Cash dividends	(62,813)	(317,502)
Issuance of new ordinary shares for cash	822,332	-
Exercise of employee stock options	17,276	3,413
Payments for buy-back of ordinary shares	-	(96,415)
Proceeds from treasury shares transferred to employees	<u>14,627</u>	<u>26,791</u>
Net cash used in financing activities	<u>(280,293)</u>	<u>(196,217)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>(4,572)</u>	<u>1,899</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(24,706)	(146,497)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	<u>465,110</u>	<u>611,607</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<u>\$ 440,404</u>	<u>\$ 465,110</u>

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

(Concluded)



**Dyaco International Inc.**  
**The loss-off setting table for 2023**

Unit: NT\$

Item	Amount
<b>Distributable Earnings as of January 1, 2023</b>	219,514,991
<b>Net Loss of 2023</b>	(122,768,873)
Plus: Remeasurement of Defined Benefit Obligation Recognized in Retained Earnings	3,725,131
Plus: Reversal Special Reserves	492,239
<b>Distributable Earnings as of December 31, 2023</b>	100,963,488

**Dyaco International Inc.**  
**Comparison Table for Articles of Incorporation**

After the Revision	Before the Revision	Description
<p><b>Article 5</b></p> <p>The authorized capital of the Company is NT\$<u>100</u> billion, consisting of <u>10</u> billion shares, all of common stock, with a par value of NT\$10 per share. The board of directors is authorized to issue the shares in separate installments as required, of which 10 million shares are reserved for stock options with warrants or corporate bonds for the exercise of stock options. The board of directors is also authorized to issue shares in separate installments as required.</p>	<p><b>Article 5</b></p> <p>The authorized capital of the Company is NT\$20 billion, consisting of 2 billion shares, all of common stock, with a par value of NT\$10 per share. The board of directors is authorized to issue the shares in separate installments as required, of which 10 million shares are reserved for stock options with warrants or corporate bonds for the exercise of stock options. The board of directors is also authorized to issue shares in separate installments as required.</p>	To adjust the authorized capital for Operational development
<p><b>Article 28</b></p> <p>These Articles of Incorporation were agreed to and signed on May 29, 1990.</p> <p>The 1<sup>st</sup> Amendment was on November 30, 1990.</p> <p>The 2<sup>nd</sup> Amendment was on September 20, 1991.</p> <p>The 3<sup>rd</sup> Amendment was on May 1, 1993.</p> <p>The 4<sup>th</sup> Amendment was on March 7, 1999.</p> <p>The 5<sup>th</sup> Amendment was on April 30, 2007.</p> <p>The 6<sup>th</sup> Amendment was on January 24, 2008.</p> <p>The 7<sup>th</sup> Amendment was on May 26, 2008.</p> <p>The 8<sup>th</sup> Amendment was on September 26, 2008.</p> <p>The 9<sup>th</sup> Amendment was on October 26, 2009.</p> <p>The 10<sup>th</sup> Amendment was on June 23, 2011.</p> <p>The 11<sup>th</sup> Amendment was on July 22, 2011.</p> <p>The 12<sup>th</sup> Amendment was on June 5, 2012.</p> <p>The 13<sup>th</sup> Amendment was on October 18, 2012.</p> <p>The 14<sup>th</sup> Amendment was on August 8, 2013.</p> <p>The 15<sup>th</sup> Amendment was on June 26, 2015.</p> <p>The 16<sup>th</sup> Amendment was on June 29, 2016.</p>	<p><b>Article 28</b></p> <p>These Articles of Incorporation were agreed to and signed on May 29, 1990.</p> <p>The 1<sup>st</sup> Amendment was on November 30, 1990.</p> <p>The 2<sup>nd</sup> Amendment was on September 20, 1991.</p> <p>The 3<sup>rd</sup> Amendment was on May 1, 1993.</p> <p>The 4<sup>th</sup> Amendment was on March 7, 1999.</p> <p>The 5<sup>th</sup> Amendment was on April 30, 2007.</p> <p>The 6<sup>th</sup> Amendment was on January 24, 2008.</p> <p>The 7<sup>th</sup> Amendment was on May 26, 2008.</p> <p>The 8<sup>th</sup> Amendment was on September 26, 2008.</p> <p>The 9<sup>th</sup> Amendment was on October 26, 2009.</p> <p>The 10<sup>th</sup> Amendment was on June 23, 2011.</p> <p>The 11<sup>th</sup> Amendment was on July 22, 2011.</p> <p>The 12<sup>th</sup> Amendment was on June 5, 2012.</p> <p>The 13<sup>th</sup> Amendment was on October 18, 2012.</p> <p>The 14<sup>th</sup> Amendment was on August 8, 2013.</p> <p>The 15<sup>th</sup> Amendment was on June 26, 2015.</p> <p>The 16<sup>th</sup> Amendment was on June 29, 2016.</p>	To adjust the revision date

<b>After the Revision</b>	<b>Before the Revision</b>	<b>Description</b>
<p>The 17<sup>th</sup> Amendment was on May 26, 2017.  The 18<sup>th</sup> Amendment was on May 30, 2019.  The 19<sup>th</sup> Amendment was on May 28, 2020.  The 20<sup>th</sup> Amendment was on May 27, 2022  <u>The 21<sup>th</sup> Amendment was on May 27, 2024</u></p>	<p>The 17<sup>th</sup> Amendment was on May 26, 2017.  The 18<sup>th</sup> Amendment was on May 30, 2019.  The 19<sup>th</sup> Amendment was on May 28, 2020.  The 20<sup>th</sup> Amendment was on May 27, 2022.</p>	