

IKKA Holdings (Cayman) Limited and Subsidiaries  
Consolidated Financial Statements and  
Independent Auditor's Report  
Years Ended December 31, 2023, and 2022  
(Stock Code: 2250)

Address: P.O. Box 472, 2nd Floor, Harbour Place, 103 South Church  
Street, George Town, Grand Cayman KY1-1106, Cayman  
Islands

Tel.: 03-587-0928

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Years Ended December 31, 2023, and 2022

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## Independent Auditor's Report

(113)-Cai-Sheng-Bao No. 23004823

To the Board of Directors and Shareholders of IKKA Holdings (Cayman) Limited):

### **Opinion**

We have audited the accompanying consolidated balance sheets, consolidated statements of comprehensive income, of changes in equity, and cash flows, and notes on the consolidated financial statements (including a summary of key accounting policies of IKKA Holdings (Cayman) Limited and subsidiaries (the "Group") for December 31, 2022, and the 2023 year.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position, performance, and cash flows of the Group for December 31, 2022, and the 2023 year in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the International Financial Reporting Standards, IAS, IFRIC and SIC Interpretations as endorsed by the Financial Supervisory Commission.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards. Our responsibilities under those standards are further described in the Auditors' responsibilities for auditing consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant, and we have fulfilled other ethical responsibilities as required. We believe that the audit evidence we have obtained is sufficient and proper 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 Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are as follows:

### **Inventory valuation**

#### Description

Refer to Note 4(13) for accounting policy, 5(2) for significant accounting estimates and assumption uncertainty, and 6(5) for account description. The balances and allowance for losses on December 31, 2023, were NTD 444,801 thousand and NTD 62,238 thousand respectively.

The Group is primarily engaged in the manufacturing and sales of automobiles, multi-function printers, and precision plastic components for household facilities. Due to rapid technological changes, short product life cycles, and fierce market competition, there is a higher risk of inventory losses or obsolescence. The net realizable value is based on the sales and purchase prices in the regular course before the balance sheet date. The net realizable value not sold after a certain period of age and individually identified obsolete inventory is calculated based on sales and discount history.

Since the amount of inventory is material, types are various, information sources in calculating each net realizable value are many, and the identification of obsolete and damaged inventory and its net realizable value are subject to management's judgment, we considered the assessment of allowance for inventory valuation losses a key audit matter.

#### How our audit addressed the matter

To assess the net realizable value and the adequacy of allowance for losses, we performed the following procedures:

1. Based on our understanding of the nature of operations and industry, we assessed if the policy on allowance for losses during the comparative reporting periods was proper and consistent.
2. Evaluate the reasonableness of obsolete and damaged inventories, and delayed delivery due to weakened market demand, along with supporting documents. We examined the management process, reviewed the annual plan, and participated in the annual process to assess the effectiveness of the management's identification and control of obsolete or damaged inventory.
3. Understand the process of Inventories management, review its annual inventory plan

and participate in the annual Inventories inventory to evaluate the effectiveness of the management to distinguish and control obsolete Inventories.

4. We obtained the aged inventory report and sampled storage quantity to test the properness of classification and then, based on the policy, assessed the correctness of the allowance for obsolescence losses.
5. We obtained a net realizable value report, confirmed the consistency of calculation logic, and randomly checked the sales and purchase prices of materials based on the supporting documents.

### **Responsibilities of management and governing bodies for consolidated financial statements**

In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the International Financial Reporting Standards, IAS, IFRIC, and SIC Interpretations as endorsed by the Financial Supervisory Commission., management is responsible for the preparation and fair presentation of consolidated financial statements for internal control as deemed necessary to be free from material misstatement 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 and disclosing relevant matters as applicable as the basis of accounting unless management intends to liquidate the Group, cease operations, or has no realistic alternative.

The governing bodies (including its Audit Committee) are responsible for overseeing the Group's financial reporting process.

### **Auditor's responsibilities for auditing consolidated financial statements**

Our objectives are to obtain reasonable assurance on whether consolidated financial statements are free from material misstatement due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but not a guarantee that an audit conducted in accordance with the Auditing Standards will always detect a material misstatement from fraud or error and is considered material if, individually or in the aggregate, expected to influence the economic decisions on the basis of these consolidated financial statements.

As part of an audit in accordance with the Auditing Standards, we exercise

professional judgment and skepticism throughout the audit. We also:

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

We communicate with the governing bodies on the planned scope and timing of the audit and key findings, including deficiencies in internal control identified.

We also provide the governing bodies with a statement that we have complied with ethical requirements on independence and communicate with them all relevant relationships, safeguards, and other matters where applicable. We then determine and disclose key audit matters in our auditors' report unless precluded by law or regulation or doing so could outweigh the public interest benefits due to adverse consequences in extremely rare circumstances.

From the matters communicated with those charged with governance, we have determined key audit matters of the Group's 2023 consolidated financial statements. We have disclosed these matters in our auditors' report unless precluded by law or regulation or doing so could outweigh the public interest benefits due to adverse consequences in extremely rare circumstances.

PwC Taiwan

Man-Yu Ruan-Lu

CPA:

Yi-Tai Tsai

Former Financial Supervisory Commission (FSC) of the  
Executive Yuan

Approval Document No.: Jin-Guan-Zheng-Shen-No.  
0990058257

Financial Supervisory Commission

Approval Document No.: Jin-Guan-Zheng-Shen-No.  
1080323093

March 12, 2024

IKKA Holdings (Cayman) Limited and Subsidiaries  
Consolidated Balance Sheet  
As of December 31, 2023; December 31, 2022

Unit: NTD thousand

| Assets             |                                                                                 | Note       | December 31, 2023 |     | December 31, 2022 |     |
|--------------------|---------------------------------------------------------------------------------|------------|-------------------|-----|-------------------|-----|
|                    |                                                                                 |            | Amount            | %   | Amount            | %   |
| Current Assets     |                                                                                 |            |                   |     |                   |     |
| 1100               | Cash and cash equivalents                                                       | 6(1)       | \$ 1,003,988      | 28  | \$ 741,453        | 21  |
| 1136               | Financial assets at amortized cost - current                                    | 6(2) and 8 | 59,085            | 2   | 28,466            | 1   |
| 1150               | Notes receivable, net                                                           | 6(4)       | 25,407            | 1   | 22,465            | 1   |
| 1170               | Accounts receivable, net                                                        | 6(4)       | 986,837           | 27  | 889,101           | 25  |
| 1180               | Accounts receivable - related parties, net                                      | 6(4) and 7 | 7,237             | -   | 3,122             | -   |
| 1200               | Other receivables                                                               | 7          | 4,762             | -   | 11,957            | -   |
| 130X               | Inventories                                                                     | 6(5)       | 382,563           | 10  | 519,208           | 15  |
| 1410               | Prepayments                                                                     | 7          | 37,805            | 1   | 40,657            | 1   |
| 1470               | Other current assets                                                            | 6(6)       | 41,679            | 1   | 35,066            | -   |
| 11XX               | Total current assets                                                            |            | 2,549,363         | 70  | 2,291,495         | 65  |
| Non-current assets |                                                                                 |            |                   |     |                   |     |
| 1517               | Financial assets at fair value through other comprehensive income - Non-current | 6(3)       | 86,460            | 2   | 64,810            | 2   |
| 1535               | Financial assets at amortized cost - Non-current                                | 6(2) and 8 | -                 | -   | 92,130            | 3   |
| 1600               | Property, plant and equipment                                                   | 6(7) and 7 | 730,356           | 20  | 806,806           | 23  |
| 1755               | Right-of-use assets                                                             | 6(8)       | 212,561           | 6   | 173,468           | 5   |
| 1780               | Intangible assets                                                               | 6(9)       | 2,232             | -   | 3,674             | -   |
| 1840               | Deferred tax assets                                                             | 6(25)      | 42,025            | 1   | 43,933            | 1   |
| 1900               | Other non-current assets                                                        |            | 33,347            | 1   | 47,795            | 1   |
| 15XX               | Total non-current assets                                                        |            | 1,106,981         | 30  | 1,232,616         | 35  |
| 1XXX               | Total assets                                                                    |            | \$ 3,656,344      | 100 | \$ 3,524,111      | 100 |

(Continued on next page)

IKKA Holdings (Cayman) Limited and Subsidiaries  
Consolidated Balance Sheet  
As of December 31, 2023; December 31, 2022

Unit: NTD thousand

| Liabilities and Equity                              |                                                                          |       | Note | December 31, 2023 |     | December 31, 2022 |           |         |    |    |
|-----------------------------------------------------|--------------------------------------------------------------------------|-------|------|-------------------|-----|-------------------|-----------|---------|----|----|
|                                                     |                                                                          |       |      | Amount            | %   | Amount            | %         |         |    |    |
| Current liabilities                                 |                                                                          |       |      |                   |     |                   |           |         |    |    |
| 2100                                                | Short-term loans                                                         | 6(10) | \$   | 337,450           | 9   | \$                | 201,667   | 6       |    |    |
| 2130                                                | Contract liabilities - current                                           | 6(19) |      | 2,982             | -   |                   | 2,164     | -       |    |    |
| 2150                                                | Notes payable                                                            |       |      | 136,053           | 4   |                   | 109,606   | 3       |    |    |
| 2170                                                | Accounts payable                                                         |       |      | 424,816           | 12  |                   | 389,319   | 11      |    |    |
| 2180                                                | Accounts payable — related parties                                       | 7     |      | 15,168            | -   |                   | 24,892    | 1       |    |    |
| 2200                                                | Other payables                                                           | 6(11) |      | 322,241           | 9   |                   | 284,511   | 8       |    |    |
| 2220                                                | Other payables – related parties                                         | 7     |      | 1,842             | -   |                   | 33,429    | 1       |    |    |
| 2230                                                | Income tax liabilities in this period                                    |       |      | 78,985            | 2   |                   | 62,559    | 2       |    |    |
| 2280                                                | Lease liabilities - current                                              |       |      | 51,640            | 1   |                   | 46,222    | 1       |    |    |
| 2320                                                | Long-term liabilities due within one year or one operating cycle         | 6(12) |      | 52,104            | 2   |                   | 58,144    | 2       |    |    |
| 2399                                                | Other current liabilities - other                                        |       |      | 12,713            | -   |                   | 17,745    | -       |    |    |
| 21XX                                                | Total current liabilities                                                |       |      | 1,435,994         | 39  |                   | 1,230,258 | 35      |    |    |
| Non-current liabilities                             |                                                                          |       |      |                   |     |                   |           |         |    |    |
| 2540                                                | Long-term loans                                                          | 6(12) |      | 212,699           | 6   |                   | 324,854   | 9       |    |    |
| 2570                                                | Deferred tax liabilities                                                 | 6(25) |      | 19,930            | -   |                   | 18,908    | -       |    |    |
| 2580                                                | Lease liabilities - non-current                                          |       |      | 134,922           | 4   |                   | 98,304    | 3       |    |    |
| 2600                                                | Other non-current liabilities                                            | 6(13) |      | 187,499           | 5   |                   | 206,365   | 6       |    |    |
| 25XX                                                | Total non-current liabilities                                            |       |      | 555,050           | 15  |                   | 648,431   | 18      |    |    |
| 2XXX                                                | Total liabilities                                                        |       |      | 1,991,044         | 54  |                   | 1,878,689 | 53      |    |    |
| Equity attributable to owners of the parent company |                                                                          |       |      |                   |     |                   |           |         |    |    |
|                                                     | Share capital                                                            | 6(15) |      |                   |     |                   |           |         |    |    |
| 3110                                                | Ordinary share capital                                                   |       |      | 294,524           | 8   |                   | 292,414   | 8       |    |    |
|                                                     | Capital surplus                                                          | 6(16) |      |                   |     |                   |           |         |    |    |
| 3200                                                | Capital surplus                                                          |       |      | 802,772           | 22  |                   | 795,054   | 23      |    |    |
|                                                     | Legal reserve                                                            | 6(17) |      |                   |     |                   |           |         |    |    |
| 3320                                                | Special reserve                                                          |       |      | 65,313            | 2   |                   | 80,963    | 2       |    |    |
| 3350                                                | Undistributed earnings                                                   |       |      | 598,910           | 16  |                   | 543,150   | 16      |    |    |
|                                                     | Other equity                                                             |       |      |                   |     |                   |           |         |    |    |
| 3400                                                | Other equity                                                             |       | (    | 96,219            | ) ( | 2)                | (         | 65,313) | (  | 2) |
| 3500                                                | Treasury shares                                                          | 6(15) |      | -                 | -   | (                 | 846)      | -       |    |    |
| 31XX                                                | Total equity attributable to owners of the parent company                |       |      | 1,665,300         | 46  |                   | 1,645,422 | 47      |    |    |
| 3XXX                                                | Total equity                                                             |       |      | 1,665,300         | 46  |                   | 1,645,422 | 47      |    |    |
|                                                     | Material Contingent Liabilities and Unrecognized Contractual Commitments | 9     |      |                   |     |                   |           |         |    |    |
|                                                     | Material Subsequent Events                                               | 11    |      |                   |     |                   |           |         |    |    |
| 3X2X                                                | Total liabilities and equity                                             |       | \$   | 3,656,344         | 100 | \$                | 3,524,111 | 100     | \$ |    |

The notes attached are part of the Consolidated Financial Statements and shall be read together.

Chairman : Shiang-Chi Hu

Manager : Masami Obara

Chief Accounting Officer : Yen-Shou Chiang

IKKA Holdings (Cayman) Limited and Subsidiaries  
Consolidated Statement of Comprehensive Income  
For the Years Ended December 31, 2023 and December 31, 2022

Unit : NTD thousand  
(except for earnings per share which is in NTD)

| Item                                         | Note           | 2023              |              | 2022              |              |
|----------------------------------------------|----------------|-------------------|--------------|-------------------|--------------|
|                                              |                | Amount            | %            | Amount            | %            |
| 4000 Operating revenue                       | 6(19) and 7    | \$ 3,645,414      | 100          | \$ 3,618,633      | 100          |
| 5000 Operating cost                          | 6(5)(24) and 7 | ( 2,975,179)      | ( 82)        | ( 3,011,565)      | ( 83)        |
| 5900 Gross profit                            |                | <u>670,235</u>    | <u>18</u>    | <u>607,068</u>    | <u>17</u>    |
| Operating expense                            | 6(24) and 7    |                   |              |                   |              |
| 6100 Selling expense                         |                | ( 115,509)        | ( 3)         | ( 115,120)        | ( 4)         |
| 6200 Administrative expenses                 |                | ( 333,819)        | ( 9)         | ( 330,763)        | ( 9)         |
| 6300 Research and development expenses       |                | ( 42,930)         | ( 1)         | ( 41,623)         | ( 1)         |
| 6450 Expected credit impairment losses       | 12             | <u>173</u>        | <u>-</u>     | <u>748</u>        | <u>-</u>     |
| 6000 Total operating expenses                |                | <u>( 492,085)</u> | <u>( 13)</u> | <u>( 486,758)</u> | <u>( 14)</u> |
| 6900 Operating income                        |                | <u>178,150</u>    | <u>5</u>     | <u>120,310</u>    | <u>3</u>     |
| Non-operating income and expenses            |                |                   |              |                   |              |
| 7100 Interest income                         | 6(20)          | 5,599             | -            | 3,082             | -            |
| 7010 Other income                            | 6(21)          | 3,435             | -            | 3,004             | -            |
| 7020 Other gains and losses                  | 6(22)          | 29,608            | 1            | 75,275            | 2            |
| 7050 Financial costs                         | 6(23)          | ( 13,234)         | 1            | ( 8,585)          | -            |
| 7000 Total non-operating income and expenses |                | <u>25,408</u>     | <u>-</u>     | <u>72,776</u>     | <u>2</u>     |
| 7900 Net income before tax                   |                | 203,558           | 5            | 193,086           | 5            |
| 7950 Income tax expense                      | 6(25)          | ( 84,396)         | ( 2)         | ( 74,743)         | ( 2)         |
| 8200 Net income for this period              |                | <u>\$ 119,162</u> | <u>3</u>     | <u>\$ 118,343</u> | <u>3</u>     |

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IKKA Holdings (Cayman) Limited and Subsidiaries  
Consolidated Statement of Comprehensive Income  
For the Years Ended December 31, 2023 and December 31, 2022

Unit : NTD thousand  
(except for earnings per share which is in NTD)

| Item                                                                 |                                                                                                                 | Note  | 2023   |         | 2022   |    |         |        |   |
|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|-------|--------|---------|--------|----|---------|--------|---|
|                                                                      |                                                                                                                 |       | Amount | %       | Amount | %  |         |        |   |
| <b>Other comprehensive income</b>                                    |                                                                                                                 |       |        |         |        |    |         |        |   |
| <b>Items not reclassified to profit or loss:</b>                     |                                                                                                                 |       |        |         |        |    |         |        |   |
| 8311                                                                 | Remeasurement of defined benefit plans                                                                          |       | \$     | 9,406   | -      | \$ | 6,904   | 1      |   |
| 8316                                                                 | Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income | 6(3)  |        | 19,109  | 1      |    | 2,690   | -      |   |
| 8349                                                                 | Income tax related to items not reclassified                                                                    | 6(25) | (      | 1,022   | -      |    | 1,307   | -      |   |
| 8310                                                                 | Total amount of items not reclassified to profit or loss                                                        |       |        | 27,493  | 1      |    | 10,901  | 1      |   |
| <b>Items that may subsequently be reclassified to profit or loss</b> |                                                                                                                 |       |        |         |        |    |         |        |   |
| 8361                                                                 | Exchange differences on translation of the financial statements of foreign operations                           |       | (      | 48,993  | (      | 1  |         | 44,183 | 1 |
| 8360                                                                 | Total amount of items that may subsequently be reclassified to profit or loss                                   |       | (      | 48,993  | (      | 1  |         | 44,183 | 1 |
| 8300                                                                 | <b>Other comprehensive income, net</b>                                                                          |       | (\$    | 21,500  | -      | \$ | 55,084  | 2      |   |
| 8500                                                                 | <b>Total comprehensive income for this period</b>                                                               |       | \$     | 97,662  | 3      | \$ | 173,427 | 5      |   |
| Net income (loss) attributable to:                                   |                                                                                                                 |       |        |         |        |    |         |        |   |
| 8610                                                                 | Owners of the parent                                                                                            |       | \$     | 119,162 | 3      | \$ | 97,767  | 3      |   |
| 8615                                                                 | Interests attributable to former owner of business combination under common control                             |       |        | -       | -      |    | 14,403  | -      |   |
| 8620                                                                 | Non-controlling interests                                                                                       |       |        | -       | -      |    | 6,173   | -      |   |
|                                                                      |                                                                                                                 |       | \$     | 119,162 | 3      | \$ | 118,343 | 3      |   |
| Total comprehensive income attributable to:                          |                                                                                                                 |       |        |         |        |    |         |        |   |
| 8710                                                                 | Owners of the parent                                                                                            |       | \$     | 97,662  | 3      | \$ | 158,833 | 5      |   |
| 8715                                                                 | Interests attributable to former owner of business combination                                                  |       |        | -       | -      |    | 10,216  |        |   |

The notes attached are part of the Consolidated Financial Statements and shall be read together.

Chairman : Shiang-Chi Hu

Manager : Masami Obara

Chief Accounting Officer : Yen-Shou Chiang

IKKA Holdings (Cayman) Limited and Subsidiaries  
Consolidated Statement of Comprehensive Income  
For the Years Ended December 31, 2023 and December 31, 2022

Unit : NTD thousand  
(except for earnings per share which is in NTD)

|      |                            |       |           |         |            |
|------|----------------------------|-------|-----------|---------|------------|
|      | under common control       |       |           |         |            |
| 8720 | Non-controlling interests  |       | -         | -       | 4,378      |
|      |                            |       | \$ 97,662 | 3       | \$ 173,427 |
|      |                            |       |           |         | 5          |
|      | Basic earnings per share   | 6(28) |           |         |            |
| 9750 | Basic earnings per share   |       | \$ 4.07   | \$ 3.84 |            |
|      | Diluted earnings per share | 6(28) |           |         |            |
| 9850 | Diluted earnings per share |       | \$ 3.99   | \$ 3.76 |            |

The notes attached are part of the Consolidated Financial Statements and shall be read together.

Chairman : Shiang-Chi Hu

Manager : Masami Obara

Chief Accounting Officer : Yen-Shou Chiang

IKKA Holdings (Cayman) Limited and Subsidiaries  
Consolidated Statement of Changes in Equity  
For the Years Ended December 31, 2023, and December 31, 2022

Unit : NTD thousand

| Equity attributable to owners of the parent                                                                       |                        |               |                        |                   |                        |                                                                                       |                                                                                                 |                 |             |                                                                                  |                           |              |             |
|-------------------------------------------------------------------------------------------------------------------|------------------------|---------------|------------------------|-------------------|------------------------|---------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|-----------------|-------------|----------------------------------------------------------------------------------|---------------------------|--------------|-------------|
| Note                                                                                                              | Capital reserve        |               |                        | Retained earnings |                        | Other equity                                                                          |                                                                                                 |                 |             | Equity attributable to former owner of business combination under common control | Non-controlling interests | Total equity |             |
|                                                                                                                   | Ordinary share capital | Share premium | Employee stock options | Special reserve   | Undistributed earnings | Exchange differences on translation of the financial statements of foreign operations | Unrealized gains or losses on financial assets at fair value through other comprehensive income | Treasury shares | Total       |                                                                                  |                           |              |             |
| <u>2022</u>                                                                                                       |                        |               |                        |                   |                        |                                                                                       |                                                                                                 |                 |             |                                                                                  |                           |              |             |
| Balance as of January 1, 2022                                                                                     | \$270,000              | \$667,612     | \$11,026               | \$19,373          | \$587,816              | ( \$90,190 )                                                                          | \$9,227                                                                                         | \$-             | \$1,474,864 | \$127,450                                                                        | \$54,621                  | \$1,656,935  |             |
| Adjusted balance as of January 1, 2022                                                                            | 270,000                | 667,612       | 11,026                 | 19,373            | 587,816                | ( 90,190 )                                                                            | 9,227                                                                                           | -               | 1,474,864   | 127,450                                                                          | 54,621                    | 1,656,935    |             |
| Net income for this period                                                                                        | -                      | -             | -                      | -                 | 97,767                 | -                                                                                     | -                                                                                               | -               | 97,767      | 14,403                                                                           | 6,173                     | 118,343      |             |
| Other comprehensive income for this period                                                                        | -                      | -             | -                      | -                 | 6,904                  | 50,165                                                                                | 3,997                                                                                           | -               | 61,066      | ( 4,187 )                                                                        | ( 1,795 )                 | 55,084       |             |
| Total comprehensive income for this period                                                                        | -                      | -             | -                      | -                 | 104,671                | 50,165                                                                                | 3,997                                                                                           | -               | 158,833     | 10,216                                                                           | 4,378                     | 173,427      |             |
| 2021 earnings allocation and distribution:                                                                        | 6(17)                  |               |                        |                   |                        |                                                                                       |                                                                                                 |                 |             |                                                                                  |                           |              |             |
| Allocation for special reserve                                                                                    | -                      | -             | -                      | 61,590            | ( 61,590 )             | -                                                                                     | -                                                                                               | -               | -           | -                                                                                | -                         | -            |             |
| Cash dividends                                                                                                    | -                      | -             | -                      | -                 | ( 87,000 )             | -                                                                                     | -                                                                                               | -               | ( 87,000 )  | -                                                                                | -                         | ( 87,000 )   |             |
| Purchase of treasury share                                                                                        | -                      | -             | -                      | -                 | -                      | -                                                                                     | -                                                                                               | ( 846 )         | ( 846 )     | -                                                                                | -                         | ( 846 )      |             |
| Share-based payment-employee stock options                                                                        | 6(14)                  | 1,360         | 3,794                  | 5,022             | ( 747 )                | -                                                                                     | -                                                                                               | -               | 9,429       | -                                                                                | -                         | 9,429        |             |
| Reorganization                                                                                                    | 6(15) (27)             | 17,167        | 95,716                 | -                 | -                      | ( 26,958 )                                                                            | -                                                                                               | -               | 85,925      | ( 137,666 )                                                                      | -                         | ( 51,741 )   |             |
| Capital surplus-difference between actual Acquisition of ownership interests in subsidiaries price and book value | 6(15) (18) (26)        | 3,887         | 11,884                 | -                 | -                      | ( 11,554 )                                                                            | -                                                                                               | -               | 4,217       | -                                                                                | ( 58,999 )                | ( 54,782 )   |             |
| Balance as of December 31, 2022                                                                                   |                        | \$292,414     | \$779,006              | \$16,048          | \$80,963               | \$543,150                                                                             | ( \$78,537 )                                                                                    | \$13,224        | \$846       | \$1,645,422                                                                      | \$-                       | \$-          | \$1,645,422 |
| <u>2023</u>                                                                                                       |                        |               |                        |                   |                        |                                                                                       |                                                                                                 |                 |             |                                                                                  |                           |              |             |
| Balance as of January 1, 2023                                                                                     |                        | \$292,414     | \$779,006              | \$16,048          | \$80,963               | \$543,150                                                                             | ( \$78,537 )                                                                                    | \$13,224        | \$846       | \$1,645,422                                                                      | \$-                       | \$-          | \$1,645,422 |
| Net income for this period                                                                                        |                        | -             | -                      | -                 | -                      | 119,162                                                                               | -                                                                                               | -               | -           | 119,162                                                                          | -                         | -            | 119,162     |
| Other comprehensive income for this period                                                                        |                        | -             | -                      | -                 | -                      | 9,406                                                                                 | ( 48,993 )                                                                                      | 18,087          | -           | ( 21,500 )                                                                       | -                         | -            | ( 21,500 )  |
| Total comprehensive income for this period                                                                        |                        | -             | -                      | -                 | -                      | 128,568                                                                               | ( 48,993 )                                                                                      | 18,087          | -           | 97,662                                                                           | -                         | -            | 97,662      |
| 2022 earnings allocation and distribution:                                                                        | 6(17)                  |               |                        |                   |                        |                                                                                       |                                                                                                 |                 |             |                                                                                  |                           |              |             |
| Special reserve                                                                                                   | -                      | -             | -                      | ( 15,650 )        | 15,650                 | -                                                                                     | -                                                                                               | -               | -           | -                                                                                | -                         | -            |             |

The notes attached are part of the Consolidated Financial Statements and shall be read together.

Chairman : Shiang-Chi Hu

Manager : Masami Obara

Chief Accounting Officer : Yen-Shou Chiang

IKKA Holdings (Cayman) Limited and Subsidiaries  
Consolidated Statement of Changes in Equity  
For the Years Ended December 31, 2023, and December 31, 2022

Unit : NTD thousand

| Equity attributable to owners of the parent      |                        |                  |                        |                   |                        |                                                                                       |                                                                                                 |                 |                    |                                                                                  |                           |                    |
|--------------------------------------------------|------------------------|------------------|------------------------|-------------------|------------------------|---------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|-----------------|--------------------|----------------------------------------------------------------------------------|---------------------------|--------------------|
| Note                                             | Capital reserve        |                  |                        | Retained earnings |                        | Other equity                                                                          |                                                                                                 | Treasury shares | Total              | Equity attributable to former owner of business combination under common control | Non-controlling interests | Total equity       |
|                                                  | Ordinary share capital | Share premium    | Employee stock options | Special reserve   | Undistributed earnings | Exchange differences on translation of the financial statements of foreign operations | Unrealized gains or losses on financial assets at fair value through other comprehensive income |                 |                    |                                                                                  |                           |                    |
| Cash dividends                                   | -                      | -                | -                      | -                 | ( 87,757 )             | -                                                                                     | -                                                                                               | -               | ( 87,757 )         | -                                                                                | -                         | ( 87,757 )         |
| Cancellation of treasury share 6(15)             | ( 120 )                | ( 320 )          | -                      | -                 | ( 406 )                | -                                                                                     | -                                                                                               | 846             | -                  | -                                                                                | -                         | -                  |
| Share-based payment-employee stock options 6(14) | 2,230                  | 6,052            | 1,986                  | -                 | ( 295 )                | -                                                                                     | -                                                                                               | -               | 9,973              | -                                                                                | -                         | 9,973              |
| Balance as of December 31, 2023                  | <u>\$294,524</u>       | <u>\$784,738</u> | <u>\$18,034</u>        | <u>\$65,313</u>   | <u>\$598,910</u>       | <u>( \$127,530 )</u>                                                                  | <u>\$31,311</u>                                                                                 | <u>\$-</u>      | <u>\$1,665,300</u> | <u>\$-</u>                                                                       | <u>\$-</u>                | <u>\$1,665,300</u> |

The notes attached are part of the Consolidated Financial Statements and shall be read together.

Chairman : Shiang-Chi Hu

Manager : Masami Obara

Chief Accounting Officer : Yen-Shou Chiang

IKKA Holdings (Cayman) Limited and Subsidiaries  
Consolidated Statement of Cash Flows  
For the Years Ended December 31, 2023 and December 31, 2022

Unit : NTD thousand

|                                                               | Note     | For the Year Ended<br>December 31, 2023 | For the Years Ended<br>December 31, 2022 |
|---------------------------------------------------------------|----------|-----------------------------------------|------------------------------------------|
| <u>Cash flow from operating activities</u>                    |          |                                         |                                          |
| Net income before tax in this period                          |          | \$ 203,558                              | \$ 193,086                               |
| Adjustments                                                   |          |                                         |                                          |
| Income and expenses                                           |          |                                         |                                          |
| Depreciation expense                                          | 6(7)(24) | 127,926                                 | 144,815                                  |
| Depreciation expense (including right-of-use assets)          | 6(8)(24) | 52,171                                  | 34,843                                   |
| Amortization expense                                          | 6(9)(24) | 1,469                                   | 1,920                                    |
| Expected credit impairment losses                             | 12(2)    | ( 173 )                                 | ( 748 )                                  |
| Interest income                                               | 6(23)    | 7,530                                   | 5,499                                    |
| Interest income (lease and lending liabilities)               | 6(23)    | 5,704                                   | 3,086                                    |
| Interest income                                               | 6(20)    | ( 5,599 )                               | ( 3,082 )                                |
| Dividend income                                               | 6(21)    | ( 500 )                                 | -                                        |
| Share-based payment for labor costs                           | 6(14)    | 1,692                                   | 4,275                                    |
| Loss (gain) on disposal of property, plant and equipment      | 6(22)    | 2,445                                   | ( 1,262 )                                |
| Lease modification gain                                       | 6(8)     | ( 1,212 )                               | ( 8 )                                    |
| Impairment loss                                               | 6(22)    | 4,351                                   | -                                        |
| Changes in assets/liabilities related to operating activities |          |                                         |                                          |
| Net changes in assets related to operating activities         |          |                                         |                                          |
| Notes receivable                                              |          | ( 2,942 )                               | 1,026                                    |
| Accounts receivable (including related parties)               |          | ( 88,517 )                              | 57,301                                   |
| Other receivables                                             |          | 10,360                                  | ( 6,162 )                                |
| Inventories                                                   |          | 113,275                                 | 57,947                                   |
| Prepayments                                                   |          | 857                                     | 774                                      |
| Other current assets                                          |          | ( 6,613 )                               | ( 34,458 )                               |
| Other non-current assets                                      |          | 433                                     | ( 8,426 )                                |
| Net changes in liabilities related to operating activities    |          |                                         |                                          |
| Contract liabilities                                          |          | 818                                     | ( 2,982 )                                |
| Notes payable                                                 |          | 26,447                                  | ( 12,985 )                               |
| Accounts payable (including related parties)                  |          | 24,971                                  | ( 77,347 )                               |
| Other payables                                                |          | 30,649                                  | ( 47,001 )                               |
| Other current liabilities                                     |          | ( 5,032 )                               | 5,915                                    |
| Other non-current liabilities                                 |          | 1,552                                   | 15,673                                   |

IKKA Holdings (Cayman) Limited and Subsidiaries  
Consolidated Statement of Cash Flows  
For the Years Ended December 31, 2023 and December 31, 2022

Unit : NTD thousand

|                                           | <u>Note</u> | <u>For the Year Ended<br/>December 31, 2023</u> | <u>For the Years Ended<br/>December 31, 2022</u> |
|-------------------------------------------|-------------|-------------------------------------------------|--------------------------------------------------|
| Cash inflow from operations               |             | 505,620                                         | 331,699                                          |
| Interest collected                        |             | 5,599                                           | 3,082                                            |
| Dividends received                        |             | 500                                             | -                                                |
| Interest paid                             | 6(29)       | ( 13,294 )                                      | ( 9,741 )                                        |
| Income tax paid                           |             | ( 61,167 )                                      | ( 123,595 )                                      |
| Net cash inflow from operating activities |             | <u>437,258</u>                                  | <u>201,445</u>                                   |

(Continued on next page)

IKKA Holdings (Cayman) Limited and Subsidiaries  
Consolidated Statement of Cash Flows  
For the Years Ended December 31, 2023 and December 31, 2022

Unit : NTD thousand

|                                                                                  | <u>Note</u> | <u>For the Year Ended<br/>December 31, 2023</u> | <u>For the Years Ended<br/>December 31, 2022</u> |
|----------------------------------------------------------------------------------|-------------|-------------------------------------------------|--------------------------------------------------|
| <u>Cash flow from investing activities</u>                                       |             |                                                 |                                                  |
| Acquisition of financial assets at fair value through other comprehensive income |             | ( \$ 3,071 )                                    | ( \$ 39,666 )                                    |
| Acquisition of financial Assets Measured at Amortized Cost                       |             | ( 32,181 )                                      | ( 25,455 )                                       |
| Disposal of financial Assets Measured at Amortized Cost – Non-current            |             | 93,094                                          | 47,687                                           |
| Real property, plant and equipment acquired                                      | 6(29)       | ( 70,895 )                                      | ( 128,308 )                                      |
| Intangible assets acquired                                                       | 6(9)        | ( 176 )                                         | ( 280 )                                          |
| Real property, plant and equipment disposed of                                   |             | 711                                             | 2,066                                            |
| Increase in refundable deposits                                                  |             | ( 2,231 )                                       | ( 625 )                                          |
| Increase in prepayments for equipment                                            |             | ( 2,312 )                                       | ( 19,671 )                                       |
| Acquisition of subsidiary shares                                                 |             | -                                               | ( 106,523 )                                      |
| Net cash outflow from investing activities                                       |             | ( 17,061 )                                      | ( 270,775 )                                      |
| <u>Cash flow from financing activities</u>                                       |             |                                                 |                                                  |
| Decrease in short-term loans                                                     | 6(30)       | 151,701                                         | -                                                |
| Long-term loans                                                                  | 6(30)       | -                                               | 85,884                                           |
| Repayment of long-term loans                                                     | 6(30)       | ( 94,165 )                                      | ( 156,382 )                                      |
| Other payables- decrease to related parties                                      |             | ( 30,678 )                                      | -                                                |
| Increase (decrease) in refundable deposits                                       |             | 5                                               | 47                                               |
| Cash dividends paid out                                                          | 6(17)       | ( 87,757 )                                      | ( 87,000 )                                       |
| Repayment of lease principal                                                     | 6(8)        | ( 48,859 )                                      | ( 32,337 )                                       |
| Employee stock options exercised                                                 | 6(14)       | 8,282                                           | 5,154                                            |
| Treasury shares buyback                                                          | 6(15)       | -                                               | ( 846 )                                          |
| Net cash inflow (outflow) from financing activities                              |             | ( 101,471 )                                     | ( 185,480 )                                      |
| Effect of exchange rate changes                                                  |             | ( 56,191 )                                      | 793                                              |
| Increase in cash and cash equivalents for this period                            |             | 262,535                                         | ( 254,017 )                                      |
| Opening balance of cash and cash equivalents                                     |             | 741,453                                         | 995,470                                          |
| Ending balance of cash and cash equivalents                                      |             | \$ 1,003,988                                    | \$ 741,453                                       |

The notes attached are part of the Consolidated Financial Statements and shall be read together.

Chairman : Shiang-Chi Hu

Manager : Masami Obara

Chief Accounting Officer : Yen-Shou Chiang

IKKA Holdings (Cayman) Limited and Subsidiaries  
Notes to Consolidated Financial Statements  
For the Years Ended December 31, 2023, and December 31, 2022

Unit: NTD thousand  
(except otherwise specified)

I. Company History

IKKA Holdings (Cayman) Limited (hereinafter referred to as the “Company”) was incorporated in April 2016 in the Cayman Islands with its registered office at P.O. Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands, and was restructured in January 2020. The Company and its subsidiaries (the “Group”) mainly engage in the export, import, manufacturing, and sale of precision plastic injection molding parts and products; production of mold sets; manufacturing of molds, machinery and precision ceramics injecting molding parts. Abico International Co., Ltd. (hereinafter referred to as “Jabon”) is the parent of the Group and holds 37 % of the Company. Abico Avy Co., Ltd. (hereinafter referred to as “Abico”), formerly known as Avy Precision Technology Co., Ltd. in Chinese, is the 100% parent holding Jabon. Abico is the ultimate parent company of the Group.

II. Date and Procedures of Approval of the Financial Reports

The consolidated financial statements were approved and announced by the Board of Directors on March 12, 2024.

III. Implementation of New Standards, Amendments, and Interpretations

(I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

The table below lists the new, revised, and amended standards and interpretations of the IFRSs endorsed by the FSC with effect from 2023:

| <u>New/Revised/Amended Standards and Interpretations</u>                                                   | <u>Effective date by IAS Board</u> |
|------------------------------------------------------------------------------------------------------------|------------------------------------|
| Amendments to IAS No.1 “Disclosure of Accounting Policies”                                                 | January 1, 2023                    |
| Amendments to IAS No.8 “Definition of Accounting Estimates”                                                | January 1, 2023                    |
| Amendments to IAS No.12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction” | January 1, 2023                    |
| Amendment to IAS No. 12 " International Tax Reform—Pillar Two Model Rules"                                 | May 23, 2023                       |

The above standards and interpretations have no significant impact to the Group’s financial

condition and financial performance based on the Group's assessment.

(II) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

The table below lists the new, revised, and amended standards and interpretations of the IFRSs endorsed by the FSC with effect from 2024:

| <u>New/Revised/Amended Standards and Interpretations</u>                         | <u>Effective date by IAS Board</u> |
|----------------------------------------------------------------------------------|------------------------------------|
| Amendments to IFRS 16 "Lease Liabilities in Sale and Leaseback Transactions"     | January 1, 2024                    |
| Amendments to IAS No.1 "Classification of Liabilities as Current or Non-current" | January 1, 2024                    |
| Amendments to IAS No.1 "Non-current Liabilities with Covenants"                  | January 1, 2024                    |
| Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"                 | January 1, 2024                    |

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(III) IFRSs issued by IASB but not yet endorsed by the FSC

The table below lists the new, revised, and amended standards and interpretations of the IFRSs, released by the IASB but not yet endorsed by the FSC:

| <u>New/Revised/Amended Standards and Interpretations</u>                                                                    | <u>Effective date by IAS Board</u> |
|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| Amendments to IFRS 10 and IAS 28 "Asset Sale or Contribution between Investors and Associate or Joint Ventures"             | To be determined by IAS Board      |
| IFRS 17 "Insurance Contracts"                                                                                               | January 1, 2023                    |
| Amendments to IFRS 17 "Insurance Contracts"                                                                                 | January 1, 2023                    |
| Amendments to IFRS 17 "Initial Application of International Financial Reporting Standards 17 & 9 — Comparative Information" | January 1, 2023                    |
| Amendments to IAS 21 "Lack of Exchangeability"                                                                              | January 1, 2025                    |

The above standards and interpretations have no significant impact on the Group's financial condition and financial performance based on the Group's assessment.

#### IV. Summary of Key Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless

otherwise stated.

(I) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, IAS, IFRIC Interpretations, and SIC Interpretations as endorsed and promulgated by the FSC (collectively referred herein as the “IFRSs”).

(II) Basis of preparation

- 1.Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
  - (1) Financial assets at fair value through other comprehensive income.
  - (2) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- 2.The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis for consolidation

- 1.Principles for preparation of consolidated financial statements
  - (1) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - (2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- 2.Subsidiaries included in the consolidated financial statements:

| Name of investor                            | Name of subsidiary                                                                                                               | Business category                                                                                                                                                                                  | Shareholding (%)  |                   | Description |
|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------|
|                                             |                                                                                                                                  |                                                                                                                                                                                                    | December 31, 2023 | December 31, 2022 |             |
| The Company                                 | Daiichikasei Co., Ltd.<br>(Daiichikasei)                                                                                         | Manufacturing of precision plastic injection molding parts and molds, molds and machinery, and precision ceramics molding parts.                                                                   | 100.00            | 100.00            |             |
| The Company                                 | Sol-Plus (HK) Co., Limited<br>(Sol-Plus HK)                                                                                      | investment                                                                                                                                                                                         | 100.00            | 100.00            | Note 1, 2   |
| Daiichikasei Co., Ltd.                      | M. A. C. Technology (Malaysia) Sdn. Bhd.<br>(M. A. C. Technology)                                                                | Assembly, manufacturing of CD and CD ROM, computer printers, precision ceramics and molds for electronic and machinery use, and plastic injection components for electronic and camera industries. | 100.00            | 100.00            |             |
| Daiichikasei Co., Ltd.                      | IKKA (Vietnam) Co., Ltd.<br>(IKKA Vietnam)                                                                                       | Production, operation, and processing of automobiles and common plastic and metal parts for office equipment                                                                                       | 100.00            | 100.00            |             |
| Daiichikasei Co., Ltd.                      | IKKA (Hong Kong) Co., Ltd.<br>(IKKA HK)                                                                                          | Investment and trade                                                                                                                                                                               | 100.00            | 100.00            |             |
| IKKA (Hong Kong) Co., Ltd.                  | Dongguan Yihua Precision Zhusu Mold Limited Company<br>(Dongguan Yihua Precision Zhusu Mold Limited Company)<br>(Dongguan Yihua) | Production and sale of precise plastic accessories, hardware accessories, bearings, and molds                                                                                                      | 100.00            | 100.00            |             |
| Sol-Plus (HK) Co., Limited<br>(Sol-Plus HK) | Sol-Plus Co., Ltd.<br>(Sol-Plus JP)                                                                                              | Manufacturing and sale of plastic products and molds                                                                                                                                               | 100.00            | 100.00            | Note 1, 2   |

| Name of investor                    | Name of subsidiary                                       | Business category                                             | Shareholding (%)     |                      | Description |
|-------------------------------------|----------------------------------------------------------|---------------------------------------------------------------|----------------------|----------------------|-------------|
|                                     |                                                          |                                                               | December 31,<br>2023 | December 31,<br>2022 |             |
| Sol-Plus Co., Ltd.<br>(Sol-Plus JP) | Hiraiseimitsu<br>(Thailand) Co., Ltd.<br>(Hiraiseimitsu) | Manufacturing and<br>sale of plastic<br>products and<br>molds | 100.00               | 100.00               | Note 1, 2   |

Note 1: To integrate vertically the up- and downstream sectors of the Group to increase competitiveness, the Company on June 30, 2022, with the approval of the resolutions of the board acquired 70% of equity in Sol-Plus (HK) Co., Limited with purchase from related parties, Gold Market Investments Limited and Ability I Venture Capital Corporation and subscription of new shares. This transaction is considered a restructuring of an entity under common control, so Sol-Plus (HK) Co., Limited will be factored in the consolidated financial statements of the Group going forward.

Note 2: As approved by the resolutions of the board, the Company acquired 30% of equity in Sol-Plus (HK) Co., Limited on June 30, 2022, with US\$1,800,000 share purchase from related party, Abico Asia Capital Corporation, and subscription of new 389 thousand shares. The Company holds 100% equity in Sol-Plus (HK) Co., Limited on top of the 70% that it also acquired as explained in Note 1 above.

3. Subsidiaries not included in the consolidated financial statements: None.
4. Adjustment and treatment methods of subsidiaries' different accounting periods: None
5. Major restrictions: None.
6. Subsidiaries with non-controlling interests that are material to the Group: None.

#### (IV) Foreign currency exchange

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

##### 1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences

arising upon re-translation at the balance sheet date are recognized in profit or loss.

- (3) Non-monetary assets and liabilities denominated in foreign currencies held in assets and liabilities are re-translated using the exchange rates prevailing at the dates of the transactions. For balances denominated in fair value, the re-translation is also based on the exchange rates prevailing at the dates of the transactions. Balances denominated in other comprehensive income liabilities follow the same process. Balances denominated in assets and liabilities are re-translated at the exchange rates prevailing at the dates of the transactions. For balances that are not denominated in fair value, re-translated is done using the historical exchange rates at the dates of the initial transactions.
- (4) All foreign exchange gains and losses are presented in the statement of comprehensive income within “other gains and losses”.

## 2. Translation of foreign operations

The results of operations and financial position of all Group entities with a functional currency different from the presentation currency are converted into the presentation currency in the following manner:

- (1) Assets and liabilities expressed in each balance sheet are converted at the closing rate at the date of the balance sheet.
- (2) Income and expenses expressed in each consolidated statement of income are converted at average exchange rates for the period; and
- (3) All exchange differences arising from the translation are recognized in other comprehensive income.

## (V) Classification of assets and liabilities as current or noncurrent

### 1. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (1) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (2) Assets held mainly for trading purposes;
- (3) Assets that are expected to be realised within twelve months from the balance sheet date;
- (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

The Group classifies all assets that do not meet the above criteria as non-current.

### 2. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (1) Liabilities that are expected to be settled within the normal operating cycle;

- (2) Liabilities arising mainly from trading activities;
- (3) Liabilities that are to be settled within twelve months from the balance sheet date;
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all liabilities that do not meet the above criteria as non-current.

(VI) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(VII) Financial assets at fair value through other comprehensive income or loss

- 1. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- 2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- 3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(VIII) Financial assets at amortized cost.

- 1. Financial assets at amortized cost are those that meet all of the following criteria:
  - (1) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (2) The assets' contractual cash flows represent solely payments of principal and interest.
- 2. The Group adopts trade date accounting for financial assets measured at amortized cost in compliance with transaction practices.
- 3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is

derecognized or impaired.

4. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(IX) Accounts and notes receivable

1. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
3. The Group's business model for the sale of accounts receivable aims to achieve its objective through both collecting contractual cash flows and selling these assets. When accounted for at fair value, any changes are recognized as other comprehensive income.

(X) Impairment of financial assets

At each balance sheet date, the Group measures financial assets at amortized cost, after taking into account all reasonable and supportable information (including forward-looking statements), if the Group's exposure to credit risk has not increased significantly since the initial recognition of the financial assets, the allowance for losses is measured by the amount of expected credit losses for the 12-month period. If the credit risk has increased significantly since the initial recognition, the allowance for losses is measured by the amount of expected credit losses for the remaining period. For accounts receivable that do not contain significant financial components, the allowance for losses is measured at the amount of expected credit losses over the remaining period.

(XI) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

1. The contractual rights to receive the cash flows from the financial asset expire.
2. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
3. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(XII) Leasing arrangements (lessor)- operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(XIII) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the

weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs, and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item-by-item approach is used in applying the lower cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(XIV) Property, plant, and equipment

1. Property, plant, and equipment are initially recorded at cost.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as proper, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other properties, plants, and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The assets' residual values, useful lives, and depreciation methods are reviewed, and adjusted if proper, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the asset's future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors," from the date of the change. The estimated useful lives of property, plant, and equipment are as follows:

|                          |            |
|--------------------------|------------|
| Building and structures  | 7~65 years |
| Machinery and equipment  | 2~10 years |
| Transportation equipment | 2~10 years |
| Office equipment         | 2~ 5 years |
| Other equipment          | 2~20 years |

(XV) Leasing arrangements (lessee)—right-of-use assets/lease liabilities

1. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
2. Lease liabilities include the net present value of the remaining lease payments at the

commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

3. Right-of-use assets are recognized at cost at the inception date of the lease. The cost is the original measurement of the lease liability, and subsequently measured using the cost model, depreciation expense is recognized over the earlier of the useful life of the right-of-use asset or the lease term. When a lease liability is reassessed, the right-of-use asset adjusts any remeasurement of the lease liability.
4. For lease modifications that reduce the scope of the lease, the lessee reduces the carrying amount of the right-of-use asset to reflect partial or full termination of the lease and recognizes the difference between that amount and the amount by which the lease liability is remeasured in profit or loss.

(XVI) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

(XVII) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized..

(XVIII) Loans

Loans comprise long-term and short-term bank loans. Loans are recognized initially at fair value, net of transaction costs incurred. Loans are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the loans using the effective interest method.

(XIX) Notes and accounts payable

1. Accounts payable are liabilities for purchases of raw materials, goods, or services, and

notes payable are those resulting from operating and non-operating activities.

2. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XX) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged, canceled, or expires.

(XXI) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as an expense in that period when the employees render service.

2. Pension

- (1) Defined Contribution Plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in future payments.

- (2) Defined benefit plans

- A. The net obligation under a defined benefit plan is calculated by discounting the amount of future benefits earned by employees for current or past service and reducing the fair value of plan assets by the present value of the defined benefit obligation at the balance sheet date. The net defined benefit obligation is calculated annually by an actuary using the projected unit credit method. The discount rate is determined by reference to the market yield rate of high-quality corporate bonds at the balance sheet date that corresponds to the currency and period of the defined benefit plan, or, in countries where there is no deep market for high-quality corporate bonds, by using the market yield rate of government bonds (at the balance sheet date).

- B. Remeasurements arising on

benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

3. Employee and Director Compensation

Employee compensation and directors' compensation are recognized as expenses and liabilities when there is a legal or constructive obligation, and the amount can be reasonably estimated. If the actual amount of allotment differs from the estimated amount, the difference is recognized as a change in the accounting estimate.

(XXII) Employee share-based payments

Equity-settled share-based payment agreements are recognized as compensation costs over the vesting period for employee services rendered, measured at the fair value of the equity instruments granted on the date of grant, with a corresponding adjustment to equity. The fair value of equity instruments should reflect the effects of both vested and nonvested market conditions. Recognized compensation cost is adjusted in anticipation of the number of awards that will qualify for service conditions and non-market vesting conditions until the final amount recognized is based on the vested amount at the vesting date.

(XXIII) Income taxes

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where proper based on the amounts expected to be paid to the tax authorities.
3. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
4. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
5. Current income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when there is an intention to settle on a net basis or to realize assets and liabilities simultaneously. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred income tax assets and liabilities arise from the same taxpayer, or from different taxpayers, but each intends to settle on a net basis, or to realize assets and liabilities simultaneously.

(XXIV) Share capital

1. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
2. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(XXV) Dividend Distribution

Dividends distributed to the Company's shareholders are recognized in the financial statements when the Company's shareholders meeting resolves to distribute the dividends, and the distribution of cash dividends is recognized as a liability.

(XXVI) Organizational restructuring under common control

1. For intra-group reorganization, according to the IFRS question and answer set "Doubts about the Treatment of Business Combinations under Common Control" issued by the Accounting Research and Development Foundation of the ROC on January 8, 2002, and that IFRS 3, "Business Combinations" does not have specific provisions for business combinations (or reorganizations) of individuals under common control, so the provisions of the relevant explanatory letter issued by the ROC are still applicable.
2. If the acquisition of a subsidiary by the Group is an intra-group reorganization, in accordance with the provisions of the Accounting Research and Development Foundation of the ROC (100) Ji Mi Zhi No. 390 and other relevant letters and orders, it should be recorded at the carrying amount of the Group's equity-method investment in the subsidiary (after evaluating the impairment loss), and the difference between the amount and the transaction price should be adjusted to "capital surplus - premium on capital stock," or, if the difference is insufficient to offset the difference, to "retained earnings." The Group continues to properly deal with the difference between the cost of the investment and the net equity value of the original investment and should treat it as a merger from the beginning and retrospectively restate the prior period's financial statements in accordance with explanation letter Ji Mi Zhi No. 301 (101). Therefore, the Group treats this subsidiary as if it were a merged company from the beginning and retrospectively restated its financial statements of the prior years, and attributes the equity interests held by the original parent

company to "foregone profit or loss under common control" for the preparation of the consolidated statement of assets and liabilities; and the income and losses recognized by the original parent company to "foregone profit or loss under common control (loss)" for the preparation of the consolidated statement of income and liabilities.

(XXVII) Revenue recognition

1. The Group recognizes revenue from sales of goods when control of the product is transferred to the customer, i.e., when the product is delivered to the customer. Product delivery occurs when the customer accepts the product in accordance with the sales contract or when there is objective evidence that all acceptance criteria have been met.
2. Revenue from sales of products is recognized at the contract price. The payment terms of sales transactions are usually due 30 to 90 days after the date of shipment. The Group does not adjust the transaction price to reflect the time value of currency because there is no time interval of more than one year between the transfer of the promised products and the customer's payment.
3. Account receivables are recognized when the products are delivered to the customers because the Group has unconditional rights to the contract price from that point onwards, and only needs time to pass to receive the consideration from the customers.

(XXVIII) Government grants

Government grants are recognized at fair value when there is reasonable assurance that the enterprise will comply with the conditions attached to the government grant, and the grant will be received. Government grants are recognized in profit or loss systematically over the period in which relevant expenses are incurred if the nature of the grant is to compensate for expenses incurred by the Group.

(XXIX) Operating departments

Operating departments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing the performance of the operating departments. The chief operating decision maker of the Group has been identified as the Board of Directors.

V. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

During the preparation of the consolidated financial statements, the management has exercised its judgments to adopt the accounting policies to be used and made accounting estimates and assumptions based on reasonable expectations of future events with reference to the circumstances at the balance sheet date. If there is any difference between any critical accounting estimates and assumption made and actual results, assessment and adjustment will be conducted continuously by

taking into account the historical experience and other factors. Such assumptions and estimates have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year. Please refer to the description of the uncertainties of critical accounting judgments, assumptions, and estimation uncertainty below:

(I) Critical judgments for accounting policies

None

(II) Major accounting estimates and assumptions

Inventory valuation

The Group should exercise judgment and carry out estimation to determine the net realizable value of inventory at the balance sheet date as inventory should be measured at the lower of cost or net realizable value. Due to rapid changes in technology, the Group recognizes a loss at a net realizable value after assessing the amount of the inventory worn and torn normally, obsolete, or damaged on the balance sheet date, as well as the market sales value. This inventory valuation is conducted mainly based on the estimated product demand over a specific period in the future, so there may be significant changes.

As of December 31, 2023, the carrying amount of the Group's inventories was \$382,563

VI. Item Description of Significant Accounts

(I) Cash and cash equivalents

|                                                      | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|------------------------------------------------------|--------------------------|--------------------------|
| Cash on hand                                         | \$ 1,197                 | \$ 1,388                 |
| Checks and demand deposits                           | 972,083                  | 740,115                  |
| Time deposits (a duration of less than three months) | 30,708                   | -                        |
|                                                      | \$ 1,003,988             | \$ 741,453               |

1. The financial institutions the Group deals with have high credit ratings. The Group also deals with various financial institutions at the same time to diversify credit risks. Therefore, the expected risk of default is rather low. Thus, the Group measures an allowance for loss based on the 12-month expected credit losses. The Group did not set aside an allowance for losses for December 31, 2023, December 31, 2022.
2. The Group's time deposits pledged as collateral assets have been reclassified to "Current financial assets at amortized cost" and "Non-Current financial assets at amortized cost," please refer to Note 8 for details.

(II) Financial assets at amortized cost

| Item                                                 | December 31, 2023 | December 31, 2022 |
|------------------------------------------------------|-------------------|-------------------|
| Current items:                                       |                   |                   |
| Time deposits (a duration of more than three months) | <u>\$ 59,085</u>  | <u>\$ 28,466</u>  |
| Non-current items:                                   |                   |                   |
| Time deposits (a duration of more than three months) | <u>\$ -</u>       | <u>\$ 92,130</u>  |

1. The details of financial assets measured at amortized cost and recognized in profit or loss are as follows

|          | 2023            | 2022            |
|----------|-----------------|-----------------|
| Interest | <u>\$ 2,178</u> | <u>\$ 1,018</u> |

2. As of December 31, 2023, December 31, 2022, regardless of the collateral held and other credit enhancements, the maximum amounts of the exposure to the credit risk arising from the Group's financial assets at amortized cost are their carrying amounts.
3. Please refer to Note 8 for details of the financial assets at amortized cost pledged by the Group.
4. The financial institutions the Group deals with have high credit ratings. Therefore, the expected risk of default is rather low. Please refer to Note 12 (2) for details of the related credit risk of financial assets measured at amortized cost.

(III) Financial assets at fair value through profit or loss

| Item                           | December 31, 2023 | December 31, 2022 |
|--------------------------------|-------------------|-------------------|
| Non-current items:             |                   |                   |
| Equity instruments             |                   |                   |
| TWSE/TPEX listed stocks:       | \$ 9,113          | \$ 9,572          |
| non-TWSE/TPEX listed stocks:   | 39,500            | 39,500            |
| Unlisted, OTC, emerging stocks | <u>3,000</u>      | <u>-</u>          |
|                                | 51,613            | 49,072            |
| Adjust for change:             | <u>34,847</u>     | <u>15,738</u>     |
|                                | <u>\$ 86,460</u>  | <u>\$ 64,810</u>  |

1. The Group has chosen to classify equity investments, which are strategic investments, as financial assets at fair value through other comprehensive income, with fair values of \$86,460,

and \$64,810 as of December 31, 2023, December 31, 2022, respectively.

- The details of financial assets at fair value through other comprehensive income recognized in profit or loss and other comprehensive income are as follows:

|                                                                            | 2023            | 2022           |
|----------------------------------------------------------------------------|-----------------|----------------|
| <u>Equity instruments at fair value through other comprehensive income</u> |                 |                |
| Movement in fair value recognized in other comprehensive income (loss)     | <u>\$19,109</u> | <u>\$2,690</u> |

- As of December 31, 2023, December 31, 2022, regardless of the collateral held and other credit enhancements, the maximum amounts of the exposure to the credit risk arising from the Group's financial assets at fair value through other comprehensive income are their carrying amounts.
- The Group did not pledge financial assets at fair value through other comprehensive income.
- Please refer to Notes 12(2) for more information on the price risk and fair value of financial assets at fair value through other comprehensive income.

(IV) Notes and accounts receivable

|                                           | December 31, 2023 | December 31, 2022 |
|-------------------------------------------|-------------------|-------------------|
| Notes receivable                          | \$ 25,407         | \$ 22,465         |
| Accounts receivable                       | \$ 987,367        | \$ 889,817        |
| Allowance for losses- accounts receivable | ( 530)            | ( 716)            |
|                                           | <u>\$ 986,837</u> | <u>\$ 889,101</u> |
| Accounts receivable - related parties     | <u>\$ 7,237</u>   | <u>\$ 3,122</u>   |

- The aging analysis of accounts and notes receivable is as follows:

|              | December 31, 2023   |                  | December 31, 2022   |                  |
|--------------|---------------------|------------------|---------------------|------------------|
|              | Accounts receivable | Notes receivable | Accounts receivable | Notes receivable |
| Not past due | \$ 983,676          | \$ 25,407        | \$ 885,243          | \$ 22,465        |
| 1-90 days    | 9,457               | -                | 7,631               | -                |
| 90-180 days  | 1,471               | -                | 65                  | -                |
|              | <u>\$ 994,604</u>   | <u>\$ 25,407</u> | <u>\$ 92,939</u>    | <u>\$ 22,465</u> |

The aging analysis stated above is based on the number of overdue days.

2. As of December 31, 2023, and December 31, 2022, all balances of accounts receivable and notes receivable originated from contracts with customers. Furthermore, as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$942,999.
3. The Group did not pledge notes and accounts receivable.
4. As of December 31, 2023, December 31, 2022, regardless of the collateral held and other credit enhancements, the maximum amounts of the exposure to the credit risk arising from the Group's notes and accounts receivable are their carrying amounts.
5. DaiichiKasei and IKKA, subsidiaries of the Group, have signed accounts receivable factoring contracts with several financial institutions in Japan and the PRC. DaiichiKasei and IKKA, depending on the amount of its working capital, decided to factor the accounts receivable to financial institutions without recourse or not to factor them. The Group's model for managing such receivables is to collect contractual cash flows and sell financial assets, so such accounts receivable are financial assets at fair value through other comprehensive income.
6. The Group plans to factor accounts receivable of \$107,239 and \$ 88,320 on December 31, 2023, December 31, 2022, respectively, which belong to financial assets at fair value through other comprehensive income and are accounted for under accounts receivable.
7. Please refer to Note 12 (2) for the information on the credit risk of accounts and notes receivable.

(V) Inventories

|                        | December 31, 2023 |                                |                   |
|------------------------|-------------------|--------------------------------|-------------------|
|                        | Costs             | Allowance for valuation losses | Carrying amount   |
| Raw materials          | \$ 167,037        | (\$ 35,223)                    | \$ 131,814        |
| Work in progress       | 154,292           | ( 7,903)                       | 146,389           |
| Finished goods         | 117,140           | ( 19,112)                      | 98,028            |
| Inventories in transit | 6,332             | -                              | 6,332             |
|                        | <u>\$ 444,801</u> | <u>(\$ 62,238)</u>             | <u>\$ 382,563</u> |
|                        | December 31, 2022 |                                |                   |
|                        | Costs             | Allowance for valuation losses | Carrying amount   |
| Raw materials          | \$ 254,567        | (\$ 29,606)                    | \$ 224,961        |
| Work in progress       | 155,457           | ( 8,750)                       | 146,707           |
| Finished goods         | 152,346           | ( 15,633)                      | 136,713           |
| Inventories in transit | 10,827            | -                              | 10,827            |
|                        | <u>\$ 573,197</u> | <u>(\$ 53,989)</u>             | <u>\$ 519,208</u> |

The Group's inventory cost recognized in expenses in this period:

|                                  | 2023                | 2022                |
|----------------------------------|---------------------|---------------------|
| Cost of inventory sold           | \$ 3,023,158        | \$ 3,010,201        |
| Loss from scrapping of inventory | 8,718               | ( 1,769)            |
| Inventory valuation loss         | -                   | 21,135              |
| Income from the sale of scraps   | ( 56,697)           | ( 18,002)           |
|                                  | <u>\$ 2,975,179</u> | <u>\$ 3,011,565</u> |

The Group generated a profit from inventory recovery in 2022 due to inventory turnover.

(VI) Other current assets

| Item                                       | December 31, 2023 | December 31, 2022 |
|--------------------------------------------|-------------------|-------------------|
| Assets not managed by the principal (Note) | \$ 34,814         | \$ 34,850         |
| Other                                      | <u>6,865</u>      | <u>216</u>        |
|                                            | <u>\$ 41,679</u>  | <u>\$ 35,066</u>  |

Note: The Group's purchase transaction model with some suppliers involves processing raw materials. Before specific goods are transferred to customers, the Group temporarily holds the assets. As it does not bear the inventory risk or have ownership of the goods, the Group lacks control over them. Therefore, the goods are classified under Other current assets before transfer to customers.

(VII) Property, plant, and equipment

|                                         | Land              | Buildings and structures | Machinery and equipment | Transportation equipment | Office equipment  | Others            | Total               |
|-----------------------------------------|-------------------|--------------------------|-------------------------|--------------------------|-------------------|-------------------|---------------------|
| <u>January 1, 2023</u>                  |                   |                          |                         |                          |                   |                   |                     |
| Costs                                   | \$ 258,615        | \$ 1,057,526             | \$ 1,830,212            | \$ 13,418                | \$ 100,447        | \$ 382,082        | \$ 3,642,300        |
| Accumulated depreciation                | <u>-</u>          | <u>( 929,520)</u>        | <u>( 1,498,689)</u>     | <u>( 10,948)</u>         | <u>( 100,447)</u> | <u>( 295,890)</u> | <u>( 2,835,494)</u> |
|                                         | <u>\$ 258,615</u> | <u>\$ 128,006</u>        | <u>\$ 331,523</u>       | <u>\$ 2,470</u>          | <u>\$ -</u>       | <u>\$ 86,192</u>  | <u>\$ 806,806</u>   |
| <u>2023</u>                             |                   |                          |                         |                          |                   |                   |                     |
| Opening balance                         | \$ 258,615        | \$ 128,006               | \$ 331,523              | \$ 2,470                 | \$ -              | \$ 86,192         | \$ 806,806          |
| Additions                               | -                 | 4,769                    | 39,997                  | 475                      | 1,135             | 30,723            | 77,099              |
| Reclassification                        |                   | ( 2,046)                 | 11,954                  | -                        | 642               | ( 1,190)          | 9,360               |
| Disposal and scrapping                  |                   | ( 2,369)                 | ( 735)                  | -                        | ( 1)              | ( 50)             | ( 3,155)            |
| Depreciation expense                    |                   | ( 13,983)                | ( 83,280)               | ( 739)                   | ( 3,407)          | ( 26,517)         | ( 127,926)          |
| Impairment loss                         |                   | -                        | -                       | -                        | -                 | ( 4,378)          | ( 4,378)            |
| Net exchange difference                 | <u>( 13,407)</u>  | <u>( 3,136)</u>          | <u>( 8,813)</u>         | <u>( 101)</u>            | <u>2,668</u>      | <u>( 4,661)</u>   | <u>( 27,450)</u>    |
| Ending balance                          | <u>\$ 245,208</u> | <u>\$ 111,241</u>        | <u>\$ 290,646</u>       | <u>\$ 2,105</u>          | <u>\$ 1,037</u>   | <u>\$ 80,119</u>  | <u>\$ 730,356</u>   |
| <u>December 31, 2023</u>                |                   |                          |                         |                          |                   |                   |                     |
| Costs                                   | \$ 245,208        | \$ 998,665               | \$ 1,780,401            | \$ 13,142                | \$ 76,309         | \$ 398,245        | \$ 3,511,970        |
| Accumulated depreciation and impairment | <u>-</u>          | <u>( 887,424)</u>        | <u>( 1,489,755)</u>     | <u>( 11,037)</u>         | <u>( 75,272)</u>  | <u>( 318,126)</u> | <u>( 2,781,614)</u> |
|                                         | <u>\$ 245,208</u> | <u>\$ 111,241</u>        | <u>\$ 290,646</u>       | <u>\$ 2,105</u>          | <u>\$ 1,037</u>   | <u>\$ 80,119</u>  | <u>\$ 730,356</u>   |

|                                         | Land              | Buildings and structures | Machinery and equipment | Transportation equipment | Office equipment | Others           | Total             |
|-----------------------------------------|-------------------|--------------------------|-------------------------|--------------------------|------------------|------------------|-------------------|
| <u>January 1, 2022</u>                  |                   |                          |                         |                          |                  |                  |                   |
| Costs                                   | \$ 260,006        | \$1,065,156              | \$ 1,735,715            | \$ 12,707                | \$ 93,051        | \$ 373,922       | \$ 3,540,017      |
| Accumulated depreciation                | -                 | ( 935,795)               | (1,394,240)             | ( 10,153)                | ( 91,392)        | ( 283,069)       | (2,714,649)       |
|                                         | <u>\$ 260,006</u> | <u>\$ 129,361</u>        | <u>\$ 340,935</u>       | <u>\$ 2,554</u>          | <u>\$ 1,659</u>  | <u>\$ 90,853</u> | <u>\$ 825,368</u> |
| <u>2022</u>                             |                   |                          |                         |                          |                  |                  |                   |
| Opening balance                         | \$ 260,006        | \$ 129,361               | \$ 340,935              | \$ 2,554                 | \$ 1,659         | \$ 90,853        | \$ 825,368        |
| Additions                               | -                 | 4,948                    | 64,201                  | 742                      | 2,949            | 58,061           | 130,901           |
| Reclassification                        | -                 | -                        | 5,801                   | -                        | 200              | ( 22,947)        | ( 16,946)         |
| Disposal and scrapping                  | -                 | ( 6)                     | ( 500)                  | -                        | ( 222)           | ( 76)            | ( 804)            |
| Depreciation expense                    | -                 | ( 13,299)                | ( 86,012)               | ( 896)                   | ( 5,987)         | ( 38,621)        | ( 144,815)        |
| Net exchange difference                 | ( 1,391)          | 7,002                    | 7,098                   | 70                       | ( 1,401)         | ( 1,078)         | 13,102            |
| Ending balance                          | <u>\$ 258,615</u> | <u>\$ 128,006</u>        | <u>\$ 331,523</u>       | <u>\$ 2,470</u>          | <u>\$ -</u>      | <u>\$ 86,192</u> | <u>\$ 806,806</u> |
| <u>December 31, 2022</u>                |                   |                          |                         |                          |                  |                  |                   |
| Costs                                   | \$ 258,615        | \$ 1,057,526             | \$ 1,830,212            | \$ 13,418                | \$ 100,447       | \$ 382,082       | \$ 3,642,300      |
| Accumulated depreciation and impairment | -                 | ( 929,520)               | (1,498,689)             | ( 10,948)                | ( 100,447)       | ( 295,890)       | (2,835,494)       |
|                                         | <u>\$ 258,615</u> | <u>\$ 128,006</u>        | <u>\$ 331,523</u>       | <u>\$ 2,470</u>          | <u>\$ -</u>      | <u>\$ 86,192</u> | <u>\$ 806,806</u> |

Please refer to Note 8 for information on property, plant, and equipment pledged as collateral.

(VIII) Leasing arrangements - lessee

1. The assets leased by the Group are land, buildings, machinery and equipment, transportation equipment, and other equipment, and the lease terms are usually 2–8 years. The lease contract is negotiated individually and contains various terms and conditions, and no other restrictions are imposed except that the assets leased shall not be used as collateral for loans.
2. The lease terms of offices, employee dormitories, car parking spaces and computer software leased by the Group are not more than 12 months, and the computer equipment leased is a low-value asset.
3. The information on the book values of the right-of-use assets and the depreciation expenses recognized is as follows:

|                          | December 31, 2023<br>Carrying amount | December 31, 2022<br>Carrying amount |
|--------------------------|--------------------------------------|--------------------------------------|
| Land                     | \$ 1 8,217                           | \$ 18,800                            |
| Buildings                | 180,177                              | 132,347                              |
| Machinery and equipment  | 8,210                                | 16,344                               |
| Transportation equipment | 4,515                                | 5,851                                |
| Office equipment         | 1,433                                | -                                    |
| Other equipment          | 9                                    | 126                                  |
|                          | <u>\$ 212,561</u>                    | <u>\$ 173,468</u>                    |

|                                         | 2023<br>Depreciation<br>expense | 2022<br>Depreciation<br>expense |
|-----------------------------------------|---------------------------------|---------------------------------|
| Land                                    | \$ 588                          | \$ 563                          |
| Buildings                               | 42,826                          | 24,393                          |
| Machinery and equipment                 | 5,331                           | 6,677                           |
| Transportation equipment (business car) | 2,882                           | 2,801                           |
| Office equipment                        | 432                             | 108                             |
| Other equipment                         | 112                             | 301                             |
|                                         | <u>\$ 52,171</u>                | <u>\$ 34,843</u>                |

4. The additions of the Group's right-of-use assets in 2023 and 2022 were \$105,031 and \$76,265, respectively.

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

|                                          | 2023     | 2022     |
|------------------------------------------|----------|----------|
| Items that affect current profit or loss |          |          |
| Interest expense on lease liabilities    | \$ 5,704 | \$ 3,086 |
| Expenses on short-term lease contracts   | 4,540    | 1,473    |
| Expenses on low-value assets leased      | 1,107    | 1,205    |
| Lease modification gain                  | ( 1,212) | ( 8)     |

6. The Group's total cash outflows from leases in 2023 and 2022 were \$60,210 and \$38,101, respectively.

(IX) Intangible assets

|                          | Computer software<br>December 31,2023 | Computer software<br>December 31,2022 |
|--------------------------|---------------------------------------|---------------------------------------|
| <u>Opening balance</u>   | \$ 52,770                             | \$ 52,710                             |
| Costs                    | ( 49,096)                             | ( 47,787)                             |
| Accumulated amortization | <u>\$ 3,674</u>                       | <u>\$ 4,923</u>                       |
| Opening balance          | \$ 3,674                              | \$ 4,923                              |
| Current purchase         | 176                                   | 280                                   |
| Reclassification         | -                                     | 421                                   |
| Amortization expense     | ( 1,469)                              | ( 1,920)                              |
| Net exchange difference  | ( 149)                                | ( 30)                                 |
|                          | <u>\$ 2,232</u>                       | <u>\$ 3,674</u>                       |
| <u>Ending balance</u>    |                                       |                                       |
| Costs                    | \$ 51,834                             | \$ 52,770                             |
| Accumulated amortization | ( 49,602)                             | ( 49,096)                             |
|                          | <u>\$ 2,232</u>                       | <u>\$ 3,674</u>                       |

(X) Short-term loans

| Category of loans             | December 31,2023  | December 31,2022  |
|-------------------------------|-------------------|-------------------|
| Bank loans                    |                   |                   |
| Secured loans                 |                   |                   |
| Bank syndicated loans (Note1) | \$ 120,003        | \$ 128,401        |
| Bank Guaranteed loans (Note2) | 39,241            | 14,004            |
| Unsecured loans               |                   |                   |
| Bank Syndicated loans (Note1) | 55,386            | 59,262            |
| Bank credit loans (Note2)     | 122,820           | -                 |
|                               | <u>\$ 337,450</u> | <u>\$ 201,667</u> |

Note 1: The interest rate range for Bank syndicated loans was 1.24% as of December 31, 2023, December 31, 2022, respectively, and the related guarantees are described in Note 8 for details. Under the terms of the loan contracts, for DaiichiKasei's loans, the following conditions should be maintained in the annual financial statements during the contract period:

A. No operating loss for two consecutive years.

B. Net assets should be maintained at 75% or more of the net assets for the two years prior to the signing of the contract or for the most recent year.

The above financial ratios and contracts are reviewed annually.

Note 2: The interest rate range for December 31, 2023, December 31, 2022 is 1.23%~6.44% and 0.85%, respectively.

(XI) Other payables

|                                                 | December 31, 2023 | December 31, 2022 |
|-------------------------------------------------|-------------------|-------------------|
| Salary and year-end bonuses payable             | \$ 105,489        | \$ 90,353         |
| Remuneration payable to employees and directors | 18,434            | 17,654            |
| Pensions Payable                                | 17,553            | 18,544            |
| Business tax payable                            | 54,391            | 51,537            |
| freight payable                                 | 9,555             | 9,703             |
| Utilities payable                               | 8,673             | 9,394             |
| Insurance payable                               | 11,596            | 10,373            |
| Business facilities payable                     | 15,699            | 9,495             |
| Interest payable                                | 2,292             | 2,352             |
| service payment payable                         | 20,467            | 10,718            |
| Rent payable                                    | 203               | 191               |
| Others                                          | 57,889            | 54,197            |
|                                                 | <u>\$ 322,241</u> | <u>\$ 284,511</u> |

(XII) Long-term loans

| December 31, 2023                      |                       |                                  |                   |
|----------------------------------------|-----------------------|----------------------------------|-------------------|
| Category of loans                      | Borrowing period      | Interest rate range              | Amount            |
| Secured loans                          |                       |                                  |                   |
| Bank syndicated loans (note1 )         | 2021/3/31~2030/3/29   | 0.61%~0.62%                      | \$ 139,351        |
| Unsecured loans                        |                       |                                  |                   |
| Bank Syndicated loans (note 1)         | 2021/3/31~2030/3/29   | 0.61%~0.62%                      | 66,786            |
| Bank credit loans                      | 2020/10/23~2030/9/25  | 0% before 2024/10, thereafter 2% | 21,022            |
| Bank credit loans                      | 2021/3/25~2031/3/20   | 1.14%                            | 8,694             |
| Bank credit loans                      | 2022/11/22~2025/10/31 | 0.97%~1.09%                      | 28,950            |
|                                        |                       |                                  | <u>264,803</u>    |
| Less:Long-term loans - current portion |                       |                                  | <u>( 52,104)</u>  |
|                                        |                       |                                  | <u>\$ 212,699</u> |
| Secured loans                          |                       |                                  |                   |
| Bank syndicated loans (note1 )         | 2021/3/31~2030/3/29   | 0.61%                            | \$ 172,962        |
| Bank guaranteed loans                  | 2021//9/17~2024/9/17  | 1.07%                            | 29,408            |

|                                         |                       |                                  |                   |
|-----------------------------------------|-----------------------|----------------------------------|-------------------|
| Bank guaranteed loans                   | 2022/11/8~2025/11/8   | 0.65%                            | 29,174            |
| Unsecured loans                         |                       |                                  |                   |
| Bank Syndicated loans (note 1)          | 2021/3/31~2030/3/29   | 0.62%                            | 82,894            |
| Bank credit loans                       | 2020/10/23~2030/9/25  | 0% before 2024/10, thereafter 2% | 23,340            |
| Bank credit loans                       | 2021/3/25~2031/3/20   | 1.14%                            | 10,596            |
| Bank credit loans                       | 2022/11/22~2025/10/31 | 0.90%                            | 34,624            |
|                                         |                       |                                  | 382,998           |
| Less: Long-term loans - current portion |                       |                                  | ( 58,144)         |
|                                         |                       |                                  | <u>\$ 324,854</u> |

Note 1: For DaiichiKasei's loans, under the terms of the loan contracts, the following conditions should be maintained in the annual financial statements during the contract period:

- A. No operating loss for two consecutive years.
- B. Net assets should be maintained at 75% or more of the net assets for the two years prior to the signing of the contract or for the most recent year.

The above financial ratios and agreements are reviewed annually.

Note 2. Please refer to Note 8 for details of the collateral for the above long-term loans.

### (XIII) Pensions

1. (1) The pension costs related to the defined benefit obligations recognized by DaiichiKasei, a subsidiary of the Company, for the fiscal years 2023 and 2022 were based on the actuarially determined pension cost rates as of December 31, 2023, and December 31, 2022, respectively.
- (2) Amounts recognized in the balance sheet are as follows:

|                                              | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------------------------------|--------------------------|--------------------------|
| Present value of defined benefit obligations | \$ 160,515               | \$ 188,028               |
| Fair value of plan asset                     | ( 27,395)                | ( 30,107)                |
| Net defined benefit liability                | <u>\$ 133,120</u>        | <u>\$ 157,921</u>        |

- (3) Amounts recognized in the balance sheet are as follows:

|                                                                | 2023                                               |                             |                                     |
|----------------------------------------------------------------|----------------------------------------------------|-----------------------------|-------------------------------------|
|                                                                | Present value of<br>defined benefit<br>obligations | Fair value of<br>plan asset | Net defined<br>benefit<br>liability |
| Balance as at<br>January 1                                     | \$ 188,028                                         | ( \$30,107)                 | \$ 157,921                          |
| Current service<br>cost                                        | 7,385                                              | -                           | 7,385                               |
| Interest (expense)<br>income                                   | <u>1,283</u>                                       | <u>( 288)</u>               | <u>995</u>                          |
|                                                                | <u>196,696</u>                                     | <u>( 30,395)</u>            | <u>166,301</u>                      |
| Reconsider:<br>Effect of change<br>in financial<br>assumption: | <u>( 10,076)</u>                                   | <u>463</u>                  | <u>( 9,613)</u>                     |
|                                                                | <u>( 10,076)</u>                                   | <u>463</u>                  | <u>( 9,613)</u>                     |
| Contribution to<br>pension fund                                | -                                                  | ( 1,398)                    | ( 1,398)                            |
| Pension paid                                                   | ( 14,150)                                          | 1,965                       | ( 12,185)                           |
| Exchange<br>differece                                          | <u>( 11,955)</u>                                   | <u>1,952</u>                | <u>( 10,003)</u>                    |
| Balance as at<br>December 31                                   | \$ <u>160,515</u>                                  | \$ <u>27,395</u>            | \$ <u>133,120</u>                   |

|                                                                | 2022                                               |                             |                                     |
|----------------------------------------------------------------|----------------------------------------------------|-----------------------------|-------------------------------------|
|                                                                | Present value of<br>defined benefit<br>obligations | Fair value of<br>plan asset | Net defined<br>benefit<br>liability |
| Balance as at<br>January 1                                     | \$ 211,580                                         | ( \$32,131)                 | \$ 179,449                          |
| Current service<br>cost                                        | 8,263                                              | -                           | 8,263                               |
| Interest (expense)<br>income                                   | <u>734</u>                                         | <u>( 304)</u>               | <u>430</u>                          |
|                                                                | <u>220,577</u>                                     | <u>( 32,435)</u>            | <u>188,142</u>                      |
| Reconsider:<br>Effect of change in<br>financial<br>assumption: | <u>( 7,119)</u>                                    | <u>215</u>                  | <u>( 6,904)</u>                     |
|                                                                | <u>( 7,119)</u>                                    | <u>215</u>                  | <u>( 6,904)</u>                     |
| Contribution to<br>pension fund                                | -                                                  | ( 1,398)                    | ( 1,398)                            |
| Pension paid                                                   | ( 18,118)                                          | 2,413                       | ( 15,705)                           |
| Exchange                                                       | <u>7,312)</u>                                      | <u>1,098</u>                | <u>( 6,214)</u>                     |

differece

|                              |            |           |            |
|------------------------------|------------|-----------|------------|
| Balance as at<br>December 31 | \$ 188,028 | \$ 30,107 | \$ 157,921 |
|------------------------------|------------|-----------|------------|

(4) The present value of defined benefit obligations of DaiichiKasei's was actuarially determined by a qualified actuary, and the actuarial assumptions related to pension are as follows:

|               | 2023   | 2022   |
|---------------|--------|--------|
| Discount rate | 1.103% | 0.735% |

(5) The analysis of the present value of defined benefit obligations affected by changes in the main actuarial assumptions adopted is as follows:

|                                                               | Discount rate  |                |
|---------------------------------------------------------------|----------------|----------------|
|                                                               | Increase 0.25% | Decrease 0.25% |
| December 31, 2023                                             | (\$ 4,735)     | \$ 149         |
| Effect on the present value of<br>defined benefit obligations |                |                |
| December 31, 2022                                             | (\$ 2,860)     | \$ 2,946       |
| Effect on the present value of<br>defined benefit obligations |                |                |

(6) As of December 31, 2023, the weighted average duration of the pension plan is 9.5 years.

2. (1) Sol-Plus Co., Ltd., a subsidiary of the Company, has a defined benefit pension plan under the "Small- and Medium-Sized Enterprise Pension System" The Company contributes monthly to the employees' individual accounts at the financial institutions entrusted by the Company, and each year, the Small and Medium-sized Enterprises Retirement Pension Fund Business Unit provides the Company with information on the status of the pension contributions of the Company's employees and the amount of the trial balance of the pensions, and employee pension payments are based on the employees' individual pension accounts and the amount of accumulated earnings, which are received in the form of a lump-sum pension.
- (2) For the years 2023 and 2022, the Group recognized pension costs of \$2,762 and \$2,484, respectively, under the abovementioned pension plan, and the net defined benefit liability was \$18,188 and \$17,747 as of December 31, 2023, December 31,

2022, respectively.

3. (1) The Company's sub-subsidiary, Hiraiseimitsu (Thailand)Co., Ltd, has formulated a defined benefit pension plan in accordance with the applicable Thailand laws and regulations and makes a monthly contribution equal to a certain percentage of the total salary to the pension fund.

(2) Amount recognized in the balance sheet is as follows:

|                                              | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------------------------------|--------------------------|--------------------------|
| Present value of defined benefit obligations | \$ 25,344                | \$ 23,083                |
| Fair value of plan asset                     | <u>-</u>                 | <u>-</u>                 |
| Net defined benefit liability                | <u>\$ 25,344</u>         | <u>\$ 23,083</u>         |

(3) Movements in net defined benefit liabilities are as follows:

|                                             | 2023                                                  |                             |                                     |
|---------------------------------------------|-------------------------------------------------------|-----------------------------|-------------------------------------|
|                                             | Present value<br>of defined<br>benefit<br>obligations | Fair value of<br>plan asset | Net defined<br>benefit<br>liability |
| January 1                                   | \$ 23,083                                             | \$ -                        | \$ 23,083                           |
| Current service cost                        | 2,784                                                 | -                           | 2,784                               |
| Interest (expense) income                   | <u>699</u>                                            | <u>-</u>                    | <u>699</u>                          |
|                                             | 26,566                                                | -                           | 26,566                              |
| Remeasurement:                              |                                                       |                             |                                     |
| Effect of change in demographic assumptions | ( 103)                                                | -                           | ( 103)                              |
| Effect of change on financial assumptions   | ( 134)                                                | -                           | ( 134)                              |
| Experience adjustments                      | ( 1,164)                                              | -                           | ( 1,164)                            |
|                                             | ( 1,401)                                              | -                           | ( 1,401)                            |
| Pension paid                                | -                                                     | -                           | -                                   |
| Exchange difference                         | <u>179</u>                                            | <u>-</u>                    | <u>179</u>                          |
| December 31                                 | <u>\$ 25,344</u>                                      | <u>\$ -</u>                 | <u>\$ 25,344</u>                    |

|                                                   | 2022                                               |                             |                                     |
|---------------------------------------------------|----------------------------------------------------|-----------------------------|-------------------------------------|
|                                                   | Present value of<br>defined benefit<br>obligations | Fair value of<br>plan asset | Net defined<br>benefit<br>liability |
| January 1                                         | \$ 21,541                                          | \$ -                        | \$ 21,541                           |
| Current service cost                              | 2,168                                              | -                           | 2,168                               |
| Interest (expense) income                         | 600                                                | -                           | 600                                 |
|                                                   | <u>24,709</u>                                      | <u>-</u>                    | <u>24,709</u>                       |
| Remeasurement:                                    |                                                    |                             |                                     |
| Effect of change in<br>demographic<br>assumptions | 2,525                                              | -                           | 2,525                               |
| Effect of change on<br>financial assumptions      | ( 2,879)                                           | - (                         | 2,879)                              |
| Experience adjustments                            | ( 2,421)                                           | - (                         | 2,421)                              |
|                                                   | ( 2,775)                                           | - (                         | 2,775)                              |
| Pension paid                                      | -                                                  | -                           | -                                   |
| Exchange difference                               | <u>1,149</u>                                       | <u>-</u>                    | <u>1,149</u>                        |
| December 31                                       | <u>\$ 23,083</u>                                   | <u>\$ -</u>                 | <u>\$ 23,083</u>                    |

(4) The actuarial assumptions related to pension are as follows:

|                         | 2023         | 2022         |
|-------------------------|--------------|--------------|
| Discount rate           | <u>3.19%</u> | <u>3.15%</u> |
| Future salary increases | <u>3.00%</u> | <u>3.00%</u> |

(5) The analysis of the present value of defined benefit obligations affected by changes in the main actuarial assumptions adopted is as follows:

|                                                                  | Discount rate     |                   | Future salary increases |                   |
|------------------------------------------------------------------|-------------------|-------------------|-------------------------|-------------------|
|                                                                  | Increase<br>1%    | Decrease<br>1%    | Increase<br>1%          | Decrease<br>1%    |
| December 31, 2023                                                |                   |                   |                         |                   |
| Effect on the present<br>value of defined<br>benefit obligations | <u>(\$ 3,081)</u> | <u>(\$ 3,609)</u> | <u>\$ 3,382</u>         | <u>(\$ 2,940)</u> |
| December 31, 2022                                                |                   |                   |                         |                   |
| Effect on the present<br>value of defined<br>benefit obligations | <u>(\$ 3,003)</u> | <u>(\$ 3,547)</u> | <u>\$ 3,342</u>         | <u>(\$ 2,882)</u> |

The sensitivity analysis above is based on the impact of a single assumption which changed while the other conditions remained unchanged. In practice, more than one assumption may change at the same time. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet is the same.

(6) As of December 31, 2023, the weighted average duration of the pension plan is 21.69 years. An analysis of the maturity of pension payments is as follows:

|                                        |    |                |
|----------------------------------------|----|----------------|
| Less than 1 year                       | \$ | -              |
| More than 1 year but less than 5 years |    | 2,104          |
| Over 5 years                           |    | 156,030        |
|                                        | \$ | <u>158,134</u> |

4. In addition to the aforementioned subsidiary, all other overseas subsidiaries have made provisions for retirement benefits under local government regulations. The pension costs recognized for 2023 and 2022 amount to \$23,733 and \$30,506, respectively.

#### (XIV) Share-based payment

1. Share-based payment Agreements for 2023 and 2022 are as follows:

| Agreement Type                                            | Issue date | Amount<br>(Unit:<br>thousand<br>shares) | Term    | Vesting<br>conditions       |
|-----------------------------------------------------------|------------|-----------------------------------------|---------|-----------------------------|
| Employee stock options plan                               | 2020/7/17  | 3,000                                   | 5 years | 2~4 years employment (note) |
| Cash capital increase reserved for employee stock options | 2020/6/22  | 124                                     | -       | Immediately vest            |
| Cash capital increase reserved for employee stock options | 2021/4/26  | 278                                     | -       | Immediately vest            |

Note: The stock option holder may exercise the right to subscribe to shares two years after being granted the employee stock option certificate, in accordance with this plan. The validity period of the stock option certificate shall be five years from the date of granting the employee stock option certificate. It shall not be transferable, pledged, gifted to others, or disposed of by any other means, except in cases of inheritance.

| Timeframe                                      | Cumulative proportion of exercisable stock options |
|------------------------------------------------|----------------------------------------------------|
| After 2 years (starting from the third year).  | 50%                                                |
| After 3 years (starting from the fourth year). | 75%                                                |
| After 4 years (starting from the fifth year)   | 100%                                               |

The aforementioned share-based payment agreement is closing by using equity as the consideration.

2. The details of the aforementioned share-based payment agreement are as follows:

| 2023                                                     |                                             |                                       |
|----------------------------------------------------------|---------------------------------------------|---------------------------------------|
|                                                          | Stock option amount (Unit: thousand shares) | Weighted average exercise price (NTD) |
| Outstanding stock options at the beginning of the period | 939                                         | \$ 37.9                               |
| Stock options executed in this period                    | ( 223)                                      | 37.5                                  |
| Outstanding stock options at the end of the period       | 716                                         | 36.3                                  |
| Exercisable stock options of the end of the period       | 447                                         | 36.3                                  |
| 2022                                                     |                                             |                                       |
|                                                          | Stock option amount (Unit: thousand shares) | Weighted average exercise price (NTD) |
| Outstanding stock options at the beginning of the period | 1,075                                       | \$ 39.3                               |
| Stock options executed in this period                    | ( 136)                                      | 37.9                                  |
| Outstanding stock options at the end of the period       | 939                                         | 37.9                                  |
| Exercisable stock options of the end of the period       | 402                                         | 37.9                                  |

The weighted average stock price of stock options at exercise dates for the years ended 31 December 2023 and 2022 were \$37.5 and \$37.9, respectively.

3. For the share-based payment transaction conducted on the paying date, the Group uses the Black-Scholes option pricing model to estimate the fair value of stock option. The relevant information is as follows:

| Agreement Type                                            | Paying date | Price of share | Exercise price | Expected volatility rate | Expected validity time | Expected dividends | Risk-free interest rate | Fair value per unit (NTD) |
|-----------------------------------------------------------|-------------|----------------|----------------|--------------------------|------------------------|--------------------|-------------------------|---------------------------|
| Employee stock options plan                               | 2020/7/17   | \$58           | \$40           | 23.89%~<br>25.91%        | 5 years                | -                  | 0.2371%~<br>0.3222%     | \$19.57~\$<br>21.26       |
| Cash capital increase reserved for employee stock options | 2020/6/22   | \$58           | \$58           | 5.64%                    | 0.17 year              | -                  | 0.2421%                 | \$0.5576                  |
| Cash capital increase reserved for employee stock options | 2021/4/26   | \$77.34        | \$76           | 32.72%                   | 0.04 year              | -                  | 0.1333%                 | \$2.7823                  |

4. Cost for share-based payment transactions is as follows:

|                | 2023     | 2022     |
|----------------|----------|----------|
| Equity payment | \$ 1,692 | \$ 4,275 |

#### (XV) Capital

1. As of December 31, 2022, the authorized capital of the Company is NT\$400,000 thousand, divided into 40,000 thousand shares, with a paid-up capital of \$292,414, at NT\$10 per share.

The adjustments for the outstanding common shares at the beginning and end of the period are as follows:

|                                                     | 2023   | 2022   |
|-----------------------------------------------------|--------|--------|
| January 1                                           | 29,241 | 27,000 |
| Executed employees stock option                     | 223    | 136    |
| Treasury stock cancellation                         | ( 12)  | -      |
| Issuance of new shares to acquire subsidiary equity | -      | 2,105  |
| Repurchase of treasury shares                       | -      | ( 12)  |
| December 31                                         | 29,452 | 29,229 |

2. On September 1, 2022, the Company increased its common shares by 2,105 thousand shares (with a par value of NT\$10 per share) through a share conversion to acquire 100% equity of its subsidiary, Sol-Plus (HK) Co., Limited. As a result, the company adjusted its capital surplus by \$107,600.

### 3. Treasury stocks

- (1) The reasons for repurchasing shares and repurchase amount:

| The company<br>holding the shares | Reason for<br>repurchase                             | December 31, 2023             |                    |
|-----------------------------------|------------------------------------------------------|-------------------------------|--------------------|
|                                   |                                                      | Amount (unit:<br>1,000shares) | Carrying<br>Amount |
| The Company                       | Maintain company<br>credit and<br>shareholder Equity | -                             | \$ -               |

  

| The company<br>holding the shares | Reason for<br>repurchase               | December 31, 2022             |                    |
|-----------------------------------|----------------------------------------|-------------------------------|--------------------|
|                                   |                                        | Amount (unit:<br>1,000shares) | Carrying<br>Amount |
| The Company                       | To transfer the shares<br>to employees | 12                            | \$ 846             |

- (2) As per the Securities and Exchange Act, the percentage of the issued shares to be repurchased by the Company shall not exceed 10% of its total issued shares, and the total amount of the purchased shares shall not exceed the retained earnings plus the issued shares at a premium and the realized capital surplus.
- (3) As per the Securities and Exchange Act, the treasury shares held by the Company shall not be pledged, nor shall they be entitled to shareholders' rights until they are transferred.
- (4) In accordance with the Securities and Exchange Act, treasury shares must be reissued to the employees within five years from the repurchase date. Shares not reissued within this period are to be retired. Shares repurchased to maintain the Company's credit and shareholders' equity shall be canceled through a change in registration within six months from the repurchase. On 16 February 2023, the Board of Directors approved the change in the purpose of repurchasing the Company's ordinary shares

from transferring to employees to maintain the Company's credit and shareholder equity. On 2 March 2023, the Board of Directors approved the cancellation of treasury shares by resolution. The record date was 3 March 2023, and the registration of the cancellation of paid-in capital for the 12,000 treasury shares was completed on 23 March 2023.

#### (XVI) Capital surplus

According to the provisions of the Company Act, the capital surplus including the income derived from issuing shares at a premium and from endowments, in addition to being used to compensate for deficit, where the Company has no accumulated losses, shall be used to issue new shares or cash in proportion to the shareholders' original shares. The Company shall not use the capital surplus to compensate the capital losses unless the surplus reserve is insufficient to compensate such losses.

#### (XVII) Retained earnings

1. As per the Articles of Incorporation, where the Company makes a profit for a fiscal year, the profit shall be first used for offsetting a cumulative deficit, the Company shall set aside an amount for or reversing a special reserve in accordance with the laws and regulations or the competent authority's regulations, and then any remaining profit, together with any undistributed retained earnings from the prior period, are shareholders' accumulated distributable earnings. The Board of Directors would propose an earnings distribution proposal, which would be submitted to the shareholders' meeting for approval.
2. The Company, being in a growth phase, needs of capital expenditure, business expansion, and sound financial planning to achieve sustainable development, the Company's dividend policy will be determined based on the future budget for capital expenditure and funding needs while considering economic and industry dynamics. Dividends may be distributed to shareholders in the form of cash dividends and/or stock dividends. If the Board of Directors decides to distribute earnings, it will formulate a plan and seek approval from the shareholders' meeting through an ordinary resolution. The total amount of dividends to shareholders should be at least 40% of the distributable earnings for the current year, with the total cash dividend payout not falling below 10% of the total dividend payout to shareholders.
3. Without violating any regulations, the Board of Directors may distribute dividends,

statutory surplus reserves, and/or all or part of the capital surplus arising from the issuance of shares at a premium or received from donations to the original shareholders in the form of cash. Such distribution shall be approved by a resolution with the attendance of two-thirds or more of the directors and the consent of the majority of attending directors, and it shall be reported to the shareholders' meeting.

4. In accordance with the regulations, the Company shall set aside special surplus reserves from the debit balance on other equity items at the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the reversed amount may be included in the distributable earnings.
5. On June 30, 2023, and June 24, 2022, the Company's shareholders' meetings approved the distribution of earnings for the fiscal years 2022 and 2021, respectively.

|                          | 2022             |                           | 2021              |                           |
|--------------------------|------------------|---------------------------|-------------------|---------------------------|
|                          | Amount           | Dividends per share (NTD) | Amount            | Dividends per share (NTD) |
| Special surplus reserves | (\$ 15,650)      |                           | \$ 61,590         |                           |
| Cash dividends (note)    | 87,757           | \$ 2.99                   | 87,000            | \$ 3.22                   |
|                          | <u>\$ 72,107</u> |                           | <u>\$ 148,590</u> |                           |

Note: The cash dividend of NT\$3 per share for 2022 was approved by the shareholders' meeting originally on June 30, 2023. Due to the exercise of employee stock options, the number of outstanding ordinary shares increased from 29,252,000 shares to 29,346,000 shares. Therefore, the Board of Directors approved the adjustment of the 2022 cash dividend per share to NT\$2.99 on 14 August 2023.

#### (XVIII) Non-controlling interests

|                                                                                       | 2022        |
|---------------------------------------------------------------------------------------|-------------|
| Opening balance                                                                       | \$ 54,621   |
| Share attributable to non-controlling interests:                                      |             |
| Net income (loss) for this period                                                     | 6,173       |
| Organizational Reconstruction Effects                                                 | ( 58,999)   |
| Exchange differences on translation of the financial statements of foreign operations | ( 1,795)    |
| Ending balance                                                                        | <u>\$ -</u> |

(XIX) Operating revenue

1. Revenue from customer contracts

The Group's revenue is derived from the transfer of goods and services at a specific point in time. The revenue can be classified into the following main group of companies:

| 2023                                           | Japan               | Vietnam           | China<br>(including<br>HK) | Thailand          | Other Asia<br>area | Total               |
|------------------------------------------------|---------------------|-------------------|----------------------------|-------------------|--------------------|---------------------|
| Segment income                                 | \$ 1,724,088        | \$ 764,091        | \$ 1,126,972               | \$ 403,058        | \$ 187,974         | \$ 4,206,183        |
| Income from internal segment transactions      | ( 148,340)          | ( 13,338)         | ( 394,021)                 | ( 5,019)          | ( 51)              | ( 560,769)          |
| Income from external customer transactions     | <u>\$ 1,575,748</u> | <u>\$ 750,753</u> | <u>\$ 732,951</u>          | <u>\$ 398,039</u> | <u>\$ 187,923</u>  | <u>\$ 3,645,414</u> |
| Revenue recognized at a specific point in time | <u>\$ 1,575,748</u> | <u>\$ 750,753</u> | <u>\$ 732,951</u>          | <u>\$ 398,039</u> | <u>\$ 187,923</u>  | <u>\$ 3,645,414</u> |
| 2022                                           | Japan               | Vietnam           | China<br>(including<br>HK) | Thailand          | Other Asia<br>area | Total               |
| Segment income                                 | \$ 1,709,272        | \$ 592,702        | \$ 1,416,022               | \$ 364,958        | \$ 243,943         | \$ 4,326,897        |
| Income from internal segment transactions      | ( 160,181)          | ( 18,057)         | ( 523,601)                 | ( 6,400)          | ( 25)              | ( 708,264)          |
| Income from external customer transactions     | <u>\$ 1,549,091</u> | <u>\$ 574,645</u> | <u>\$ 892,421</u>          | <u>\$ 358,558</u> | <u>\$ 243,918</u>  | <u>\$ 3,618,633</u> |
| Revenue recognized at a specific point in time | <u>\$ 1,549,091</u> | <u>\$ 574,645</u> | <u>\$ 892,421</u>          | <u>\$ 358,558</u> | <u>\$ 243,918</u>  | <u>\$ 3,618,633</u> |

## 2. Contract liabilities

The contract liabilities related to the Group's recognized contract income are as follows:

|                                             | December 31, 2023 | December 31, 2022 |
|---------------------------------------------|-------------------|-------------------|
| Contract liabilities - advance receipts     |                   |                   |
| (Recognized contract liabilities - current) | \$ <u>2,982</u>   | \$ <u>2,164</u>   |

### (XX) Interest income

|                                                                     | 2023           | 2022           |
|---------------------------------------------------------------------|----------------|----------------|
| Interest income from bank deposit interest                          | \$ 3,421       | \$ 2,064       |
| Interest income from financial assets measured at<br>amortized cost | <u>2,178</u>   | <u>1,018</u>   |
|                                                                     | <u>\$5,599</u> | <u>\$3,082</u> |

### (XXI) Other income

|                 | 2023            | 2022            |
|-----------------|-----------------|-----------------|
| Rental income   | \$ 2,935        | \$ 3,004        |
| Dividend income | <u>500</u>      | <u>-</u>        |
|                 | <u>\$ 3,435</u> | <u>\$ 3,004</u> |

### (XXII) Other gains and losses

|                                                                | 2023          | 2022             |
|----------------------------------------------------------------|---------------|------------------|
| Proceeds from the disposal of property, plant<br>and equipment | (\$ 2,445)    | \$ 1,262         |
| Foreign exchange gain                                          | 22,069        | 51,995           |
| Impairment loss on property, plant and<br>equipment            | ( 4,351)      | -                |
| Others                                                         | 14,335        | 22,018           |
|                                                                | <u>29,608</u> | <u>\$ 75,295</u> |

### (XXIII) Financial costs

|                               | 2023             | 2022            |
|-------------------------------|------------------|-----------------|
| Financial costs               |                  |                 |
| Bank loans and others         | \$ 7,530         | \$ 5,499        |
| Interest on lease liabilities | <u>5,704</u>     | <u>3,086</u>    |
|                               | <u>\$ 13,234</u> | <u>\$ 8,585</u> |

(XXIV) Employee benefits and supplementary information

|                                         | 2023       | 2022       |
|-----------------------------------------|------------|------------|
| Employee benefit expenses               |            |            |
| Salary and wages                        | \$ 726,132 | \$ 749,641 |
| Labor and health insurance costs (Note) | 59,342     | 58,732     |
| Pension                                 | 35,541     | 42,076     |
| Other employment expenses               | 23,644     | 26,408     |
| Depreciation expense                    | 80,097     | 179,658    |
| Amortization expense                    | 1,469      | 1,920      |

Note: Including expenses related to medical insurance and work-related injuries incurred by subsidiaries in China.

1. As per the Company's Articles of Incorporation, after cumulative losses are deducted from the Company's profit for the year, if there is a balance, no less than 8% and not higher than 15% of the balance shall be set aside for employee remuneration and no higher than 5% for directors' remuneration.
2. The Company's estimated employee compensation in 2023 and 2022 amounted to NT\$11,001 and NT\$10,498, respectively. Directors' remuneration was accrued at \$6,876 and \$6,561 for the same years. The amounts were recognized in salary expenses.

Employee compensation and directors' and supervisors' remuneration were estimated and accrued based on 8% and 5% of distributable profit for the year ended December 31, 2023, respectively. The Board of Directors resolve to distribute actual of \$11,001 and \$6,876, respectively, with employee compensation to be paid in cash.

For the year ended December 31, 2022, employees compensation and directors' and supervisors' remuneration were consistent with the amounts recognized in the financial statements for the same period.

3. The information on employee remuneration and directors' and supervisors' remuneration approved by the Board of Directors is available on the MOPS.

(XXV) Income tax

1. Income tax expense

(1) Components of income tax expenses:

|                                                              | 2023             | 2022             |
|--------------------------------------------------------------|------------------|------------------|
| Current income tax:                                          |                  |                  |
| Income tax from the current income                           | \$ 83,018        | \$ 71,801        |
| Income tax underestimates for prior years                    | 584              | 148              |
| Deferred tax:                                                |                  |                  |
| The initial generation and reversal of temporary differences | 794              | 2,794            |
| Income tax expense                                           | <u>\$ 84,396</u> | <u>\$ 74,743</u> |

(2) The amount of income tax related to other comprehensive income:

|                                                                                                  | 2023               | 2022            |
|--------------------------------------------------------------------------------------------------|--------------------|-----------------|
| Changes in the fair values of financial assets at fair value through other comprehensive income. | <u>( \$ 1,022)</u> | <u>\$ 1,307</u> |

2. Reconciliation between income tax expenses and accounting profits:

|                                                                                       | 2023             | 2022             |
|---------------------------------------------------------------------------------------|------------------|------------------|
| Income tax calculated based on net income before tax at the statutory tax rate (note) | \$ 69,723        | \$ 116,393       |
| Items that should be adjusted according to laws                                       | 11,907           | ( 38,201)        |
| Tax losses unrecognized as deferred tax assets                                        | 1,354            | ( 9,666)         |
| Effect of tax losses of income tax                                                    | 1,087            | 2,713            |
| Changes in the assessment of realizability of deferred tax assets                     | ( 259)           | ( 13,037)        |
| Effect of deferred tax assets unrecognized                                            | -                | -                |
| Income tax on the earnings                                                            | -                | 16,393           |
| Income tax underestimates for prior years                                             | 584              | 148              |
| Income tax expense                                                                    | <u>\$ 84,396</u> | <u>\$ 74,743</u> |

Note: The applicable tax rate is calculated based on the tax rate applicable to the income in the relevant country.

3. The amounts of deferred income tax assets or liabilities arising from temporary differences are as follows:

| 2023                                                              |                    |                                 |                                                   |                        |                    |
|-------------------------------------------------------------------|--------------------|---------------------------------|---------------------------------------------------|------------------------|--------------------|
|                                                                   | January 1          | Recognized in<br>profit or loss | Recognized in<br>other<br>comprehensive<br>income | Exchange<br>difference | December 31        |
| Deferred tax assets:                                              |                    |                                 |                                                   |                        |                    |
| Tax losses                                                        | \$ 26,758          | \$ -                            | \$ -                                              | (\$ 1,749)             | \$ 25,009          |
| Excessive provision for bad debts                                 | 15                 | ( 4)                            | -                                                 | -                      | 11                 |
| Impairment losses.                                                | 12,426             | -                               | -                                                 | ( 1)                   | 12,425             |
| Inventory valuation loss                                          | 4,734              | ( 69)                           | -                                                 | ( 85)                  | 4,580              |
|                                                                   | <u>\$ 43,933</u>   | <u>(\$ 73)</u>                  | <u>\$ -</u>                                       | <u>(\$ 1,835)</u>      | <u>\$ 42,025</u>   |
| Deferred tax liabilities:                                         |                    |                                 |                                                   |                        |                    |
| Financial assets at fair value through other comprehensive income | ( 2,515)           | -                               | ( 1,022)                                          | -                      | ( 3,537)           |
| Land use right                                                    | ( 31)              | ( 2)                            | -                                                 | 1                      | ( 32)              |
| Gain on increment of assets                                       | ( 16,362)          | -                               | -                                                 | 1                      | ( 16,361)          |
|                                                                   | <u>(\$ 18,908)</u> | <u>(\$ 2)</u>                   | <u>(\$ 1,022)</u>                                 | <u>2</u>               | <u>(\$ 19,930)</u> |
|                                                                   | <u>\$ 25,025</u>   | <u>(\$ 75)</u>                  | <u>(\$ 1,022)</u>                                 | <u>(\$ 1,833)</u>      | <u>\$ 22,095</u>   |
| 2022                                                              |                    |                                 |                                                   |                        |                    |
|                                                                   | January 1          | Recognized in<br>profit or loss | Recognized in<br>other<br>comprehensive<br>income | Exchange<br>difference | December 31        |
| Deferred tax assets:                                              |                    |                                 |                                                   |                        |                    |
| Tax losses                                                        | \$ 29,908          | (\$ 2,092)                      | \$ -                                              | (\$ 1,058)             | \$ 26,758          |
| Excessive provision for bad debts                                 | 13                 | ( 2)                            | -                                                 | 4                      | 15                 |
| Impairment losses.                                                | 11,519             | -                               | -                                                 | 907                    | 12,426             |
| Inventory valuation loss                                          | 2,513              | ( 1,260)                        | -                                                 | 3,481                  | 4,734              |
|                                                                   | <u>\$ 43,953</u>   | <u>(\$ 3,354)</u>               | <u>\$ -</u>                                       | <u>\$ 3,334</u>        | <u>\$ 43,933</u>   |
| Deferred tax liabilities:                                         |                    |                                 |                                                   |                        |                    |
| Financial assets at fair value through other comprehensive income | ( 3,822)           | -                               | 1,307                                             | -                      | ( 2,515)           |
| Land use right                                                    | ( 26)              | ( 2)                            | -                                                 | ( 3)                   | ( 31)              |
| Gain on increment of assets                                       | ( 15,066)          | -                               | -                                                 | ( 1,296)               | ( 16,362)          |
| Gain from investment                                              | ( 23,180)          | 16,393                          | -                                                 | 6,787                  | -                  |
|                                                                   | <u>(\$ 42,094)</u> | <u>\$ 16,391</u>                | <u>\$ 1,307</u>                                   | <u>\$ 5,488</u>        | <u>(\$ 18,908)</u> |
|                                                                   | <u>\$ 1,859</u>    | <u>\$ 13,037</u>                | <u>\$ 1,307</u>                                   | <u>\$ 8,822</u>        | <u>\$ 25,025</u>   |

## (XXVI) Transactions with non-controlling interests

### Acquisition of additional equity in a subsidiary

On September 1, 2022, IKKA Holdings, a subsidiary of the Group, issued 388 thousand common shares (with a face value of NTD 10 per share) to acquire 30% of the issued shares of a subsidiary, Sol-Plus (HK) Co., Limited, for US\$1,800,000 and share transfer. The carrying value of the non-controlling interest on the acquisition date was \$58,999, the transaction reduced the non-controlling interest by \$58,999, and increased the equity attributable to the parent company by \$11,884 (adjusted the carrying additional paid in capital).

|                                                                                                                        | September 1,<br>2022 |
|------------------------------------------------------------------------------------------------------------------------|----------------------|
| Carrying amount of non-controlling interests acquired                                                                  | \$ 58,999            |
| Consideration paid to non-controlling interests                                                                        | ( 58,669)            |
| Other equity                                                                                                           |                      |
| Exchange difference-conversion of financial statements of foreign operating institutions                               | 11,554               |
| Capital surplus - differences between the price of the equity of subsidiary acquired or disposed of and the book value | <u>\$ 11,884</u>     |

## (XXVII) Business combinations

1. For the strategic layout responding to the industry's vertical integration and to strengthen the Company's competitiveness, based on the evaluation provided by an independent expert opinion in June 2022, on September 1, 2022, the Group issued 1,717 thousand ordinary shares (with a par value of NT\$10 per share) and US\$1,700,000 as consideration for acquiring Sol-Plus (HK) Co., Limited.
2. Assets and liabilities acquired on the restructuring date:

|                                                                    | 2022               |
|--------------------------------------------------------------------|--------------------|
| Acquisition consideration                                          | <u>\$ 68,908</u>   |
| Fair value of identifiable assets acquired and liabilities assumed | \$ 96,941          |
| Investments in bonds without an active market – current assets     | 22,628             |
| Receivable                                                         | 86,848             |
| Inventories                                                        | 35,979             |
| Other current assets                                               | 8,573              |
| Investments in bonds without an active market – non-current assets | 62,241             |
| Property, plant and equipment                                      | 57,166             |
| Right-of-use assets                                                | 1,090              |
| Intangible assets                                                  | 2,207              |
| Other non-current assets                                           | 22,312             |
| Short-term loan                                                    | ( 8,805)           |
| Accounts payable, trade accounts, and other payables               | ( 92,460)          |
| Income tax                                                         | ( 10,183)          |
| Other current liabilities                                          | ( 44,016)          |
| Other non-current liabilities                                      | ( 75,897)          |
| Total of net identifiable assets                                   | <u>164,624</u>     |
| Transactions under common control - Capital surplus                | <u>(\$ 95,716)</u> |

The Group's purchase of Sol-Plus (HK) Co., Limited is considered an internal

reorganization with economic substance. Therefore, the transaction is recorded at its book value.

### 3. Difference between the net assets acquired and the consideration transferred

|                                                                                               | 2022              |
|-----------------------------------------------------------------------------------------------|-------------------|
| Consideration transferred                                                                     |                   |
| Plus: Transactions under common control - Capital surplus                                     | \$ 68,908         |
| Deduct: Exchange differences on translation of the financial statements of foreign operations | 95,716            |
| Book value of identifiable net assets acquired                                                | ( 26,958)         |
|                                                                                               | <u>\$ 137,666</u> |

### (XXVIII) Earnings per share

|                                                                          | 2023                    |                                                                         |                                 |
|--------------------------------------------------------------------------|-------------------------|-------------------------------------------------------------------------|---------------------------------|
|                                                                          | Amount after tax        | Weighted average number of issued shares (unit: thousand shares)        | Earnings per share (NTD)        |
| <u>Basic earnings per share</u>                                          |                         |                                                                         |                                 |
| Current net profit attributable to shareholders of the Company           | <u>\$ 119,162</u>       | <u>29,309</u>                                                           | <u>\$ 4.07</u>                  |
| <u>Diluted earnings per share</u>                                        |                         |                                                                         |                                 |
| Current net profit attributable to shareholders of the Company           | \$ 119,162              | 29,309                                                                  | \$ 3.99                         |
| Effect of potential dilutive ordinary shares                             | -                       | 382                                                                     | -                               |
| Employee stock option                                                    | -                       | 162                                                                     | -                               |
| Employee remuneration                                                    | <u>\$ 119,162</u>       | <u>29,853</u>                                                           | <u>\$ 3.99</u>                  |
|                                                                          |                         |                                                                         |                                 |
|                                                                          |                         | 2022                                                                    |                                 |
|                                                                          | <u>Amount after tax</u> | <u>Weighted average number of issued shares (unit: thousand shares)</u> | <u>Earnings per share (NTD)</u> |
| <u>Basic earnings per share</u>                                          |                         |                                                                         |                                 |
| Current net profit attributable to shareholders of the Company           | \$ 97,767               |                                                                         | \$ 3.35                         |
| Net profit attributable to non-controlling interests under joint control | 14,403                  |                                                                         | 0.49                            |
|                                                                          | <u>\$ 112,170</u>       | <u>29,144</u>                                                           | <u>\$ 3.84</u>                  |
| <u>Diluted earnings per share</u>                                        |                         |                                                                         |                                 |

|                                                                          |    |         |        |    |      |
|--------------------------------------------------------------------------|----|---------|--------|----|------|
| Current net profit attributable to shareholders of the Company           | \$ | 97,767  | 29,144 | \$ | 3.28 |
| Net profit attributable to non-controlling interests under joint control |    | 14,403  |        |    | 0.48 |
| Effect of potential dilutive ordinary shares                             |    |         |        |    |      |
| Employee stock option                                                    |    | -       | 496    |    | -    |
| Employee remuneration                                                    |    | -       | 178    |    | -    |
|                                                                          | \$ | 112,170 | 29,818 | \$ | 3.76 |

#### (XXIX) Cash flow supplemental information

##### 1. Operating activities supported by partial cash payment:

|                                                       | 2023      | 2022     |
|-------------------------------------------------------|-----------|----------|
| Expense for interest                                  | \$ 13,234 | \$ 8,585 |
| Plus: Interest payable at the beginning of the period | 2,352     | 3,508    |
| Deduct: Interest payable at the end of the period     | ( 2,292)  | ( 2,352) |
| Current cash payable                                  | \$ 13,294 | \$ 9,741 |

##### 2. Investment activities supported by partial cash payment:

|                                                       | 2023      | 2022       |
|-------------------------------------------------------|-----------|------------|
| Expense for property, plant and equipment             | \$ 77,099 | \$ 130,901 |
| Plus: Interest payable at the beginning of the period | 9,495     | 6,902      |
| Deduct: Interest payable at the end of the period     | ( 15,699) | ( 9,495)   |
| Current cash payable                                  | \$ 70,895 | \$ 128,308 |

#### (XXX) Changes in liabilities from financing activities

|                                      | Short-term loan | Long-term loan<br>(Including loans due within one year) | Liabilities from financing activities |
|--------------------------------------|-----------------|---------------------------------------------------------|---------------------------------------|
| January 1, 2023                      | \$ 201,667      | \$ 382,998                                              | \$ 584,665                            |
| Changes in financing cash flows      | 151,701         | ( 94,165)                                               | 57,536                                |
| Impact of exchange rate fluctuations | ( 15,918)       | ( 24,030)                                               | ( 39,948)                             |
| December 31, 2023                    | \$ 337,450      | \$ 264,803                                              | \$ 602,253                            |

|                                      | Short-term loan | Long-term loan<br>(Including loans due within one year) | Liabilities from financing activities |
|--------------------------------------|-----------------|---------------------------------------------------------|---------------------------------------|
| January 1, 2022                      | \$ 208,653      | \$ 465,457                                              | \$ 674,110                            |
| Changes in financing cash flows      | -               | ( 70,498)                                               | ( 70,498)                             |
| Impact of exchange rate fluctuations | ( 69,986)       | ( 11,961)                                               | ( 18,947)                             |
| December 31, 2022                    | \$ 201,667      | \$ 382,998                                              | \$ 584,665                            |

## VII. Stakeholder Transactions

### (I) Parent company and ultimate controller

The Group is controlled by Jabon International Co., Ltd. (registered in Taiwan), who holding 37 % of the shares of the Group. Abico Avy Co., Ltd. (formerly known as AVY PRECISION TECHNOLOGY INC.) holds 100% shares of Jabon International Co., Ltd. The ultimate parent company and ultimate controlling party of the Group are both Jabon International Co., Ltd.

### (II) Name of related party and relations with the Company:

| Name of related party                                   | Relations with the Group      |
|---------------------------------------------------------|-------------------------------|
| Jabon International Co., Ltd. (parent company)          | Parent company of the Group   |
| Abico Avy Co., Ltd. (ABICO AVY)                         | Same ultimate parent company  |
| Gold Market Investments Limited (Gold Market)           | Same ultimate parent company  |
| Ability I Venture Capital Corporation (Ability I)       | Same ultimate parent company  |
| Best Achieve Industries Limited (Best Achieve)          | Fellow subsidiary             |
| AVY Precision Metal Components (SuZhou) Co., Ltd. (AVY) | Fellow subsidiary             |
| Best Select Industries (Suzhou) Co. Limited             | Fellow subsidiary             |
| Jcheng Software Inc. (Jcheng Software)                  | Fellow subsidiary             |
| Ekeen Precision Co., Ltd. (Ekeen Precision)             | Fellow subsidiary             |
| Lixing Plastic (Shenzhen) Co., Ltd.                     | Fellow subsidiary             |
| AVY Co., Ltd. (AVY)                                     | Fellow subsidiary             |
| Abico Asia Capital                                      | Substantially related parties |
| Taishiba International Co., Ltd. (Taishiba)             | Substantially related parties |

### (III) Major transactions with related parties

#### 1. Operating revenue

|                   | 2023      | 2022      |
|-------------------|-----------|-----------|
| Sales of goods:   |           |           |
| Fellow subsidiary | \$ 17,701 | \$ 11,640 |

The transaction prices and payment terms of sales do not significantly differ from those offered to regular customers.

## 2. Purchase

|                       | <u>2023</u>      | <u>2022</u>      |
|-----------------------|------------------|------------------|
| Purchases:            |                  |                  |
| Parent company        | \$ -             | \$ 191           |
| Fellow subsidiary     |                  |                  |
| -Best Achieve         | 48,374           | 78,821           |
| -Best Select          | 3,114            | 5,103            |
| Other related parties | 1,713            | 2,608            |
|                       | <u>\$ 53,201</u> | <u>\$ 86,723</u> |

The transaction price and payment terms for the purchase of goods are not significantly different from those with other vendors.

## 3. Receivables from related parties

|                       | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-----------------------|--------------------------|--------------------------|
| Receivables           |                          |                          |
| Fellow subsidiary     |                          |                          |
| -AVY                  | <u>\$ 7,237</u>          | <u>\$ 3,122</u>          |
| Other receivables     |                          |                          |
| Parent company        | \$ 37                    | \$ -                     |
| Fellow subsidiary-AVY | -                        | 391                      |
|                       | <u>\$ 37</u>             | <u>\$ 391</u>            |

The receivables from related parties primarily arise from sales transactions with a credit term of 75 days for each month. These receivables from related parties are not secured by collateral and are not subject to any mortgages or interest charges.

## 4. Payables to related parties

|                   | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-------------------|--------------------------|--------------------------|
| Payables          |                          |                          |
| Fellow subsidiary |                          |                          |
| -Best Achieve     | \$ 15,037                | \$ 23,036                |
| -Other            | 131                      | 1,856                    |
|                   | <u>\$ 15,168</u>         | <u>\$ 24,892</u>         |

|                             | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|-----------------------------|--------------------------|--------------------------|
| Other payables              |                          |                          |
| Gold Market                 | \$ -                     | \$ 235                   |
| Fellow subsidiary           | 1,835                    | 2,477                    |
| Substantially related party | 7                        | 7                        |
|                             | <u>\$ 1,842</u>          | <u>\$ 2,719</u>          |

The payables to related parties mainly arise from purchase transactions with credit terms ranging from 60 days to 90 days for each month. These payables to related parties are not secured by collateral and do not incur any interest charges."

#### 5. Prepayments

|                   | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-------------------|--------------------------|--------------------------|
| Parent company    | \$ -                     | \$ 10                    |
| Fellow subsidiary | 1,103                    | 1,778                    |
|                   | <u>\$ 1,103</u>          | <u>\$ 1,788</u>          |

The transaction price and payment terms for the purchase of goods are not significantly different from those with other vendors.

#### 6. Property transaction

Acquisition of real estate, plant and equipment

|                   | <u>2023</u> | <u>2022</u> |
|-------------------|-------------|-------------|
| Fellow subsidiary | \$ 169      | \$ -        |

#### 7. Lease transactions - Lessee

(1) The Company leases office space from its parent company. The lease contract is from 2023 to 2027. Rent is paid semi-annually in January and July each year. The lease contract was terminated early on December 31, 2023.

(2) Acquisition of right-of-use assets

|                | 2023            | 2022        |
|----------------|-----------------|-------------|
| Parent company | <u>\$ 1,726</u> | <u>\$ -</u> |

(3) Leases Liabilities

A. Interest expenses

|                | 2023         | 2022        |
|----------------|--------------|-------------|
| Parent company | <u>\$ 24</u> | <u>\$ -</u> |

(4) Disposal of right-of-use assets

|                | 2023<br>Gain (loss) on<br>disposal | 2022<br>Gain (loss) on<br>disposal |
|----------------|------------------------------------|------------------------------------|
| Parent company | <u>\$ 11</u>                       | <u>\$ -</u>                        |

8. Financing Facility

A. Balance as at the end of the fiscal year

|             | December 31, 2023 | December 31, 2022 |
|-------------|-------------------|-------------------|
| Gold Market | <u>\$ -</u>       | <u>\$ 30,710</u>  |

B. Financial costs

|             | 2023          | 2022          |
|-------------|---------------|---------------|
| Gold Market | <u>\$ 294</u> | <u>\$ 907</u> |

The loan terms to related parties require payment of the principal and interest in full upon maturity. The interest for fiscal years 2023 and 2022 is charged at an annual rate of 3%.

9. On September 1, 2022, the Company acquired a 100% equity interest in its subsidiary, Sol-Plus (HK) Co., Limited, through a combination of cash amounting to US\$3,500,000 and the issuance of 2,105 thousand ordinary shares (with a par value of NTD 10 per share) to related parties, namely Gold Market Investments Limited, Ability I Venture Capital Corporation, and Abico Asia Capital Corporation.

10. Operating expenses

|                             | 2023            | 2022            |
|-----------------------------|-----------------|-----------------|
| ABICO AVY                   | \$ -            | \$ 160          |
| Parent Company              | 55              | 180             |
| Fellow subsidiary           | 3,600           | 8,286           |
| Substantially related party | 38              | 44              |
|                             | <u>\$ 3,693</u> | <u>\$ 8,670</u> |

The main components of operating expenses are labor costs and system support fees

(IV) Information on remuneration to key management personnel

|                              | 2023             | 2023             |
|------------------------------|------------------|------------------|
| Short-term employee benefits | \$ 30,799        | \$ 31,806        |
| Post-employment benefits     | 88               | 222              |
|                              | <u>\$ 30,887</u> | <u>\$ 32,028</u> |

VIII. Pledged Assets

The details of the Group's assets provided as collateral are as follows:

| Assets                                                                | Book value        |                   | Purpose of collateral          |
|-----------------------------------------------------------------------|-------------------|-------------------|--------------------------------|
|                                                                       | December 31, 2023 | December 31, 2022 |                                |
| Land                                                                  | \$ 185,127        | \$ 198,086        | Short-term and long-term loans |
| Buildings and structures                                              | 29,538            | 34,013            | Short-term and long-term loans |
| Time deposits-financial assets at amortized cost – current assets     | 590               | 585               |                                |
| Time deposits-financial assets at amortized cost – non-current assets | -                 | 61,420            | Long-term loans                |
|                                                                       | <u>\$ 215,255</u> | <u>\$ 294,104</u> |                                |

## IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

### (I) Contingencies

None.

### (II) Commitments

The Group has provided the following details of endorsed guarantee amounts to obtain bank borrowing facilities:

| Creditor      | Borrower    | December 31, 2023 | December 31, 2022 | Note  |
|---------------|-------------|-------------------|-------------------|-------|
| Daiichi Kasei | IKKA HK     | \$ 65,160         | \$ 34,860         | Note1 |
| Sol-Plus HK   | Sol-Plus JP | -                 | 30,710            | Note2 |

Note 1: As of December 31, 2023, and 2022, the endorsed guarantee amount in the original currency were JP¥300,000 thousand and JP¥150,000 thousand, respectively.

Note 2: As of December 31, 2022, the endorsed guaranteed amount in the original currency was US\$1,000 thousand.

## X. Major Disaster Losses

None.

## XI. Significant Events After the Balance Sheet Date

(I) On November 7, 2023, the Company's Board of Directors approved a cash capital increase to replay bank loans and enhance working capital. On January 4, 2024, the competent authority approved the effective declaration, and 1,820 million ordinary shares with a par value of NT\$10 per share were issued at a price of NT \$60 per share. The total raised amount was NT\$109,200. The Company fully raised NT\$109,200 on March 7, 2024.

(II) On November 7, 2023, the Company's Board of Directors resolved to issue the first unsecured convertible corporate in Taiwan. The competent authority approved the effective declaration on January 4, 2024. Each bond has a face value of NT\$100,000 and a maturity period of 5 years. The total issuance ceiling is NT \$250,000. The Company completed the issuance on March 4, 2024.

## XII. Others

### (I) Capital management

The objectives of the Group's capital management are to ensure that the Group can continue as a going concern, maintain the best capital structure to reduce the capital cost and provide dividends to shareholders. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

(II) Financial instruments

1. Types of financial instruments

|                                                                                                          | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <u>Financial assets</u>                                                                                  |                          |                          |
| Financial assets at fair value through profit or loss                                                    |                          |                          |
| Selected designated equity instrument investment                                                         | \$ 86,460                | \$ 64,810                |
| Financial assets at amortized cost                                                                       |                          |                          |
| Cash and cash equivalents                                                                                | 1,003,988                | 741,453                  |
| Financial assets at amortized cost - fixed-term deposits with an original maturity of more than 3 months | 59,085                   | 120,596                  |
| Notes receivables                                                                                        | 25,407                   | 22,465                   |
| Account receivables (including related parties)                                                          | 994,074                  | 892,223                  |
| Other receivables                                                                                        | 4,762                    | 11,957                   |
| Guarantee deposits paid                                                                                  | 16,306                   | 14,075                   |
|                                                                                                          | <u>\$ 2,190,082</u>      | <u>\$ 1,867,579</u>      |
| <u>Financial liabilities</u>                                                                             |                          |                          |
| Financial liabilities at amortized cost                                                                  |                          |                          |
| Short-term loan                                                                                          | \$ 337,450               | \$ 201,667               |
| Notes payables                                                                                           | 136,053                  | 109,606                  |
| Account payables (including related parties)                                                             | 439,984                  | 414,211                  |
| Other payables (including related parties)                                                               | 324,083                  | 317,940                  |
| Long-term loan (including loans due within one year)                                                     | 264,803                  | 382,998                  |
| Security deposits received                                                                               | 483                      | 485                      |
|                                                                                                          | <u>\$ 1,502,856</u>      | <u>\$ 1,426,907</u>      |
| Liabilities from lease                                                                                   | <u>\$ 186,562</u>        | <u>\$ 144,526</u>        |

## 2. Risk management policy

- (1) The Group's daily operations are affected by a number of financial risks, including market risks (including exchange rate risk, interest rate risk, and price risk), credit risks, and liquidity risks.
- (2) The risk management work is carried out by the Group's Finance Department under the policy approved by the Board of Directors. The Group's Finance Department is responsible for identifying, evaluating, and avoiding financial risks through close collaboration with the Group's operating units. The Board of Directors has formulated written principles for overall risk management and provided written policies about specific areas and matters, such as exchange rate risk, interest rate risk, credit risk, the use of non-derivative financial instruments, and the investment using remaining liquidity.

## 3. The nature and level of material financial risks

### (1) Market risks

#### Exchange rate risks

- A. The Group's business involves a number of non-functional currencies (the Company's and some subsidiaries' functional currency is NTD while other subsidiaries' functional currencies are Japanese Yen, Malaysian Ringgit, US Dollar, Chinese Yuan, and Thai Baht, etc.). Therefore, it is affected by exchange rate fluctuations. Information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

| December 31, 2023                          |                                |               |                             |
|--------------------------------------------|--------------------------------|---------------|-----------------------------|
| (Foreign currency:<br>functional currency) | Foreign currency<br>(thousand) | Exchange rate | Carrying<br>amount<br>(NTD) |
| <u>Financial assets</u>                    |                                |               |                             |
| <u>Monetary item</u>                       |                                |               |                             |
| USD: JPY                                   | \$ 5,041                       | 141.82        | \$ 155,286                  |
| USD: RMB                                   | 1,743                          | 7.08          | 53,410                      |
| USD: MYR                                   | 848                            | 4.59          | 24,926                      |
| JPY: USD                                   | 56,933                         | 0.01          | 12,392                      |
| VND: USD                                   | 9,084,851                      | 0.000041      | 11,439                      |
| <u>Financial liabilities</u>               |                                |               |                             |
| <u>Monetary item</u>                       |                                |               |                             |
| USD: RMB                                   | \$ 6,044                       | 7.08          | \$ 185,218                  |
| USD: NTD                                   | 4,092                          | 30.72         | 125,708                     |
| JPY: THB                                   | 357,577                        | 0.24          | 79,142                      |

|          |            |          |        |
|----------|------------|----------|--------|
| USD: JPY | 998        | 141.82   | 30,728 |
| JPY: USD | 133,216    | 0.01     | 28,995 |
| USD: MYR | 632        | 4.59     | 18,615 |
| VND: USD | 12,944,511 | 0.000042 | 16,650 |

| (Foreign currency:<br>functional currency) | December 31, 2022              |               |                             |
|--------------------------------------------|--------------------------------|---------------|-----------------------------|
|                                            | Foreign currency<br>(thousand) | Exchange rate | Carrying<br>amount<br>(NTD) |
| <u>Financial assets</u>                    |                                |               |                             |
| <u>Monetary item</u>                       |                                |               |                             |
| USD: JPY                                   | \$ 5,239                       | 132.70        | \$ 161,568                  |
| USD: NTD                                   | 510                            | 30.71         | 15,653                      |
| USD: RMB                                   | 1,569                          | 6.96          | 48,152                      |
| USD: MYR                                   | 976                            | 4.38          | 28,684                      |
| <u>Financial liabilities</u>               |                                |               |                             |
| <u>Monetary item</u>                       |                                |               |                             |
| USD: RMB                                   | \$ 7,556                       | 6.96          | \$ 231,966                  |
| JPY: THB                                   | 350,828                        | 0.26          | 82,820                      |
| USD: JPY                                   | 996                            | 132.70        | 30,716                      |
| JPY: USD                                   | 275,513                        | 0.01          | 63,915                      |
| USD: MYR                                   | 928                            | 4.39          | 27,323                      |
| VND: USD                                   | 11,374,492                     | 0.000043      | 14,922                      |

- B. The aggregate amounts of (realized and unrealized) net exchange gain (losses) of the Group's monetary items recognized for 2023 and 2022 due to the material impact of exchange rate fluctuations were \$22,069 and \$51,995, respectively.
- C. The analysis of the Group's foreign currency market risk due to significant exchange rate fluctuations is as follows:

| (Foreign currency:<br>functional currency) | 2023                 |                             |                                      |
|--------------------------------------------|----------------------|-----------------------------|--------------------------------------|
|                                            | Sensitivity analysis |                             |                                      |
|                                            | Movement (%)         | Impact on<br>profit or loss | Impact on<br>comprehensive<br>income |
| <u>Financial assets</u>                    |                      |                             |                                      |

|                                            |                     |    |                                     |                                               |
|--------------------------------------------|---------------------|----|-------------------------------------|-----------------------------------------------|
| <u>Monetary item</u>                       |                     |    |                                     |                                               |
| USD : JYP                                  | 1%                  | \$ | 1,553                               | \$ -                                          |
| USD : RMB                                  | 1%                  |    | 534                                 | -                                             |
| USD : MYR                                  | 1%                  |    | 249                                 | -                                             |
| JPY: USD                                   | 1%                  |    | 124                                 | -                                             |
| VND: USD                                   | 1%                  |    | 114                                 | -                                             |
| <u>Financial liabilities</u>               |                     |    |                                     |                                               |
| <u>Monetary item</u>                       |                     |    |                                     |                                               |
| USD : RMB                                  | 1%                  | \$ | 1,852                               | -                                             |
| USD : NTD                                  | 1%                  |    | 1,257                               | -                                             |
| JYP : THB                                  | 1%                  |    | 791                                 | -                                             |
| USD : JYP                                  | 1%                  |    | 307                                 | -                                             |
| JYP : USD                                  | 1%                  |    | 290                                 | -                                             |
| USD : MYR                                  | 1%                  |    | 186                                 | -                                             |
| VND : USD                                  | 1%                  |    | 167                                 | -                                             |
| 2022                                       |                     |    |                                     |                                               |
| <u>Sensitivity analysis</u>                |                     |    |                                     |                                               |
| (Foreign currency:<br>functional currency) | <u>Movement (%)</u> |    | <u>Impact on<br/>profit or loss</u> | <u>Impact on<br/>comprehensive<br/>income</u> |
| <u>Financial assets</u>                    |                     |    |                                     |                                               |
| <u>Monetary item</u>                       |                     |    |                                     |                                               |
| USD : JYP                                  | 1%                  | \$ | 1,616                               | \$ -                                          |
| USD : NTD                                  | 1%                  |    | 157                                 | -                                             |
| USD : RMB                                  | 1%                  |    | 482                                 | -                                             |
| USD : MYR                                  | 1%                  |    | 287                                 | -                                             |
| <u>Financial liabilities</u>               |                     |    |                                     |                                               |
| <u>Monetary item</u>                       |                     |    |                                     |                                               |
| USD : RMB                                  | 1%                  | \$ | 2,320                               | -                                             |
| JYP : THB                                  | 1%                  |    | 828                                 | -                                             |
| USD : JYP                                  | 1%                  |    | 307                                 | -                                             |
| JYP : USD                                  | 1%                  |    | 639                                 | -                                             |
| USD : MYR                                  | 1%                  |    | 273                                 | -                                             |
| VND : USD                                  | 1%                  |    | 149                                 | -                                             |

### Price risk

- A. The Group's equity instruments exposed to the price risk are financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage the price risk of equity instrument investment, the Group has diversified its investment portfolio, and the method of the diversification is based on the limits set by the Group.
- B. The Group mainly invests in equity instruments launched by companies at home and abroad, and the prices of those equity instruments will be affected by the uncertainty of the future values of said instruments. If the price of said equity instruments rose or fell by 1%, with all other factors remaining unchanged, the net income after tax would have increased or decreased by \$865 and \$648 for 2023 and 2022, respectively, because of the gains or losses on the equity instruments at fair value through profit or loss.

### Interest rate risk of cash flow and fair value

- A. The Group's interest rate risk mainly comes from short-term loans at floating rates, which exposes the Group to the cash flow interest rate risk. The Group's loans at floating rates during 2023 and 2022 were denominated in JYP, and USD.
- B. The Group's loans are measured at amortized cost, and interest rates are contractually repriced annually, which exposes the Group to future changes in market interest rates.
- C. When the borrowing rate increased or decreased by 1%, with all other factors remaining unchanged, the net income before tax for 2023 and 2022 would have decreased or increased by \$6,023 and \$5,847, respectively, mainly as interest expense changes with the floating-rate loans.

### (2) Credit risk

- A. The Group's credit risk is the risk of financial loss suffered by the Group arising from the failure of clients or counterparties of financial instruments to fulfill contractual obligations. It mainly comes from counterparties' inability to settle accounts receivable in accordance with the payment terms and the contractual cash flows at amortized cost.
- B. The Group has established credit risk management from the Group's perspective. In accordance with the internal credit policy, each operating entity within the Group must conduct a management and credit risk analysis of each new client before deciding payment and delivery terms and conditions. The internal risk control system evaluates the credit quality of customers by considering their financial positions, experience, and other factors. Individual risk limits are set by the board of directors based on internal or external ratings, and the drawdown of credit limits is regularly monitored.
- C. In accordance with the Group's credit risk management procedures, default is

considered to have occurred when contractual payments are overdue for more than 180 days according to the agreed payment terms.

- D. The Group adopts IFRS 9 to make an assumption as a basis for judging. When a contract payment is overdue for more than 30 days in accordance with the agreed payment terms, it is deemed that the credit risk of the financial asset has increased significantly since the initial recognition.
- E. The Group groups clients' accounts receivable according to client type and adopts a simplified approach to estimate expected credit losses with a provision matrix and loss rate method.
- F. After the recourse procedures, the Group writes off the amount of the financial asset that cannot be reasonably expected to be recovered. However, the Group will continue to carry out the legal recourse procedures to preserve the creditor's rights.
- G. The Group incorporates the forward-looking considerations and adjusts the loss ratio established based on historical and current information for a specific period, to estimate an allowance for losses on notes and accounts receivable. However, based on the above considerations and information, the Group does not anticipate incurring any material allowance for losses on accounts and notes receivable due to the loss ratio. The provision matrix for December 31, 2023, December 31, 2022 is as follows:

|                       | Not past due        | 1-90<br>Days    | 91-180<br>Days  | Over<br>181<br>days | Total               |
|-----------------------|---------------------|-----------------|-----------------|---------------------|---------------------|
| December<br>31, 2023  |                     |                 |                 |                     |                     |
| Expected loss<br>rate | 0.04%               | 1.03%           | 0.00%           | 0.00%               |                     |
| Total book<br>value   | <u>\$ 1,009,083</u> | <u>\$ 9,457</u> | <u>\$ 1,471</u> | <u>\$ -</u>         | <u>\$ 1,020,011</u> |
| Loss<br>allowance     | <u>(\$ 433)</u>     | <u>(\$ 97)</u>  | <u>\$ -</u>     | <u>\$ -</u>         | <u>(\$ 530)</u>     |

|                       | Not past due | 1-90 Days | 91-180<br>Days | Over<br>181<br>days | Total |
|-----------------------|--------------|-----------|----------------|---------------------|-------|
| December<br>31, 2022  |              |           |                |                     |       |
| Expected<br>loss rate | 0.07%        | 0.98%     | 60.00%         | 0.00%               |       |

|                  |            |          |         |      |            |
|------------------|------------|----------|---------|------|------------|
| Total book value | \$ 907,708 | \$ 7,631 | \$ 65   | \$ - | \$ 915,404 |
| Loss allowance   | (\$ 602)   | (\$ 75)  | (\$ 39) | \$ - | (\$ 716)   |

H. The table of the changes in the Group's simplified allowance for losses on accounts receivable is as follows:

|                                       | 2023                | 2022                |
|---------------------------------------|---------------------|---------------------|
|                                       | Accounts receivable | Accounts receivable |
| January 1                             | \$ 716              | \$ 1,428            |
| Impairment loss recognized (reversed) | ( 173)              | ( 748)              |
| Effect of exchange rates              | ( 13)               | 36                  |
| December 31                           | \$ 530              | \$ 716              |

I. The Group's investments in debt instruments measured at amortized cost, credit risk assessment, etc. are as follows. The hierarchical information is as follows:

| December 31, 2023                                                                                                      |                    |                         |                 |       |
|------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------------|-----------------|-------|
| Financial assets in the form of time deposits with original maturities exceeding 3 months measured at amortized cost   | By duration        |                         |                 | Total |
|                                                                                                                        | Based on 12 months | Significant credit risk | Impaired credit |       |
|                                                                                                                        | \$ 59,085          | \$ -                    | \$ -            |       |
|                                                                                                                        |                    |                         |                 |       |
| December 31, 2022                                                                                                      |                    |                         |                 |       |
| Financial assets in the form of time deposits with an original maturity exceeding 3 months, measured at amortized cost | By duration        |                         |                 | Total |
|                                                                                                                        | Based on 12 months | Significant credit risk | Impaired credit |       |
|                                                                                                                        | \$ 120,596         | \$ -                    | \$ -            |       |
|                                                                                                                        |                    |                         |                 |       |

### (3) Liquidity risk

A. Cash flow forecasts are performed by each of the Group's operators and aggregated by the Group Finance Department. The Group Finance Department monitors forecasts of the Group's liquidity requirements to ensure that it has

sufficient funds to support its operations and maintains sufficient unutilized borrowing commitments at all times so that the Group is not in breach of the relevant borrowing limits or terms.

- B. The remaining cash held by each operating entity is transferred back to the Group Finance Department when it exceeds the operating capital management requirements. The Group Finance Department invests the surplus funds in interest-bearing demand deposits, time deposits and securities in instruments with proper maturities or sufficient liquidity to meet the above forecasts and to provide adequate liquidity.
- C. The Group's non-derivative financial liabilities are grouped as per due dates below and analyzed based on the remaining period from the balance sheet date to the contract maturity date. The contractual cash flows disclosed in the following table are undiscounted amounts.

|                                       | December 31, 2023 |             | December 31, 2022 |             |
|---------------------------------------|-------------------|-------------|-------------------|-------------|
| Non-derivative financial liabilities: | Less than 1 year  | Over 1 year | Less than 1 year  | Over 1 year |
| Leases Liabilities                    | \$ 55,939         | \$ 141,035  | \$ 51,565         | \$ 103,530  |
| Long-term loans                       | 54,027            | 217,051     | 60,843            | 331,759     |

Except as stated in the table above, the Group's non-derivative financial liabilities are due within one year in the future.

### (III) Fair value information

1. The fair value levels of the financial instruments and non-financial instruments measured using the valuation technique are defined as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date. An active market refers to a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair values of the TWSE/TPEX listed stocks held by the Group belong to this level.

Level 2: Inputs, other than quoted market prices within level 1 that are observable, either directly or indirectly for assets or liabilities.

Level 3: Unobservable inputs for assets or liabilities.

2. The carrying amounts of the financial instruments not measured at fair value

Cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, notes payable, accounts payable (including related parties), other payables, lease liabilities, short-term loans and long-term loans (including expiration within 1 year) are

reasonable approximations of the fair values.

3. Financial instruments measured at fair value are classified by the Group based on the nature, characteristics, risk, and the level of fair value of assets and liabilities. The relevant information is as follows:

- (1) The Group classified assets and liabilities by nature. The relevant information is as follows:

| <u>December 31, 2023</u>                                          | <u>Level 1</u>   | <u>Level 2</u>    | <u>Level 3</u> | <u>Total</u>      |
|-------------------------------------------------------------------|------------------|-------------------|----------------|-------------------|
| Assets                                                            |                  |                   |                |                   |
| <u>Fair value on a recurring basis</u>                            |                  |                   |                |                   |
| Financial assets at fair value through other comprehensive income |                  |                   |                |                   |
| - Investments in equity instruments                               | \$ 86,460        | \$ -              | \$ -           | \$ 86,460         |
| - Accounts receivable expected to be factored                     | -                | 107,239           | -              | 107,239           |
|                                                                   | <u>\$ 86,460</u> | <u>\$ 107,239</u> | <u>\$ -</u>    | <u>\$ 193,699</u> |

| <u>December 31, 2022</u>                                          | <u>Level 1</u>   | <u>Level 2</u>   | <u>Level 3</u> | <u>Total</u>      |
|-------------------------------------------------------------------|------------------|------------------|----------------|-------------------|
| Assets                                                            |                  |                  |                |                   |
| <u>Fair value on a recurring basis</u>                            |                  |                  |                |                   |
| Financial assets at fair value through other comprehensive income |                  |                  |                |                   |
| - Investments in equity instruments                               | \$ 64,810        | \$ -             | \$ -           | \$ 64,810         |
| - Accounts receivable expected to be factored                     | -                | 88,320           | -              | 88,320            |
|                                                                   | <u>\$ 64,810</u> | <u>\$ 88,320</u> | <u>\$ -</u>    | <u>\$ 153,130</u> |

- (2) The methods and assumptions used by the Group to measure fair value are as follows:

- A. Where the Group uses market quoted prices as the fair value input (i.e. Level 1), the tools are classified based on the characteristics as follows:

|                             | <u>TWSE/TPEX listed stocks</u> | <u>Stocks listed on the emerging stock market</u> |
|-----------------------------|--------------------------------|---------------------------------------------------|
| <u>Market quoted prices</u> | <u>Closing prices</u>          | <u>Last transaction price</u>                     |

- B. Except for the above-mentioned financial instruments with active markets, the fair value of other financial instruments is obtained through valuation techniques or with reference to the quoted prices of counterparties. For the fair value obtained through the valuation techniques, the Group refers to the present fair value of other financial instruments with similar conditions and characteristics or other valuation techniques, including calculations using models based on the market information available at the consolidated balance sheet date.
  - C. When evaluating non-standard and less complex financial instruments, such as debt instruments, interest rate swap contracts, foreign exchange swap contracts, and options, all without active markets, the Group adopts the valuation techniques widely used by market participants. The parameters used in the valuation models for such financial instruments are usually market observable information.
  - D. The output of the valuation models is an estimated value, and the valuation techniques may not reflect all the relevant factors of the financial instruments and non-financial instruments held by the Group. Therefore, the estimated value of the valuation models will be properly adjusted according to additional parameters, such as model risk or liquidity risk. According to the Group's fair value valuation model management policies and relevant control procedures, the management believes that to properly express the fair value of financial instruments and non-financial instruments in the consolidated balance sheet, valuation adjustments are proper and necessary. The price information and parameters used in the evaluation process are carefully evaluated and properly adjusted according to current market conditions.
  - E. The Group incorporates credit risk assessment adjustments into the fair value measurement considerations for financial instruments and non-financial instruments to reflect counterparty credit risk and the Group's credit quality, respectively.
4. There were no transfers between Level 1 and Level 2 fair value in 2023 and 2022.
5. There were no transfers in and out from Level 3 fair value in 2023 and 2022.

(IV) Reorganizing under common control

On June 30, 2022, the board of directors resolved to purchase 70% of the shares of Sol-Plus (HK) Co., Limited from Gold Market Investments Limited and Ability I Venture Capital Corporation, both related parties, by issuing new shares and cash. The foregoing transaction was a reorganization of a jointly controlled organization, and the book value method should be used in accounting for the transaction. In preparing the consolidated financial statements, the Company should treat the transaction as a reorganization under common control and restate the consolidated financial statements retroactively to the earliest of the comparative dates, i.e., the first day of the period.

XIII. Note Disclosures

(I) Major Transactions

1. Loans to Others: Table 1
2. Endorsements/Guarantees Provided to Others: Table 2.
3. Securities Held at the End of the Period (Excluding Investment in Subsidiaries and Affiliates): Table 3.
4. Securities Acquired or Sold at Costs or Prices at Least NT\$300 million or 20% of the Paid-in Capital During this Period: None.
5. Acquisition of Individual Property at Costs of at Least NT\$300 million or 20% of the Paid-in Capital: None.
6. Disposal of Individual Property at Costs of at Least NT\$300 million or 20% of the Paid-in Capital: None.
7. Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 million or 20% of the Paid-in Capital: Table 4.
8. Receivables from Related Parties Amounting to at Least NT\$100 million or 20% of the Paid-in Capital: Table 5.
9. Derivatives Trading: None.
10. Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts: Table 6.

(II) Investees

Information on Name and Location of Investees (Excluding Investees in Mainland China): Table 7.

(III) Investment in China

1. Basic Information: Table 8.
2. Significant Transactions with Investees in Mainland China, Either Directly or Indirectly, Through a Business in a Third Region: None.

(IV) Major Shareholders

Table 9.

XIV. Department Information

(I) General information

The Group's management is classified based on business strategies, and the Group's operations and organization are also classified based on business strategies. The current business strategies of the Company are mainly categorized into Japan, Vietnam, the People's Republic of China (including Hong Kong), Malaysia and Thailand. The Group's management has identified

reportable departments based on the reporting information used by management in formulating its strategies.

(II) Departments information on profit and loss, assets and liabilities

The information on reportable departments provided to the chief decision maker is as follows:

| 2023                             |                     |                   |                                                                  |                   |                   |                               |                     |
|----------------------------------|---------------------|-------------------|------------------------------------------------------------------|-------------------|-------------------|-------------------------------|---------------------|
|                                  | Japan               | Vietnam           | the People's<br>Republic of<br>China<br>(including<br>Hong Kong) | Thailand          | Others in Asia    | Adjustment<br>and elimination | Total               |
| Income:                          |                     |                   |                                                                  |                   |                   |                               |                     |
| Income from outside clients      | \$ 1,575,748        | \$ 750,753        | \$ 732,951                                                       | \$ 398,039        | \$ 187,923        | \$ -                          | \$ 3,645,414        |
| Inter-segment income             | 148,340             | 13,338            | 394,021                                                          | 5,019             | 51                | ( 560,769)                    | -                   |
| Total income                     | <u>\$ 1,724,088</u> | <u>\$ 764,091</u> | <u>\$ 1,126,972</u>                                              | <u>\$ 403,058</u> | <u>\$ 187,974</u> | <u>(\$ 560,769)</u>           | <u>\$ 3,645,414</u> |
| Segment income or loss           | <u>\$ 236,494</u>   | <u>\$ 82,516</u>  | <u>\$ 70,362</u>                                                 | <u>(\$ 1,181)</u> | <u>\$ 102,098</u> | <u>(\$ 286,731)</u>           | <u>\$ 203,558</u>   |
| Segment income or loss includes: |                     |                   |                                                                  |                   |                   |                               |                     |
| Depreciation and amortization    | <u>\$ 45,846</u>    | <u>\$ 26,556</u>  | <u>\$ 66,349</u>                                                 | <u>\$ 34,155</u>  | <u>\$ 8,660</u>   | <u>\$ -</u>                   | <u>\$ 181,566</u>   |
| Interest income                  | <u>\$ 89</u>        | <u>\$ 17</u>      | <u>\$ 4,116</u>                                                  | <u>\$ 40</u>      | <u>\$ 1,421</u>   | <u>(\$ 84)</u>                | <u>\$ 5,599</u>     |
| Income tax expense               | <u>\$ 58,466</u>    | <u>\$ 16,745</u>  | <u>\$ 8,654</u>                                                  | <u>\$ -</u>       | <u>\$ 531</u>     | <u>\$ -</u>                   | <u>\$ 84,396</u>    |
| Interest expense                 | <u>\$ 5,134</u>     | <u>\$ -</u>       | <u>\$ 2,469</u>                                                  | <u>\$ 3,049</u>   | <u>\$ 2,665</u>   | <u>(\$ 83)</u>                | <u>\$ 13,234</u>    |
| 2022                             |                     |                   |                                                                  |                   |                   |                               |                     |
|                                  | Japan               | Vietnam           | the People's<br>Republic of<br>China<br>(including<br>Hong Kong) | Thailand          | Others in Asia    | Adjustment<br>and elimination | Total               |
| Income:                          |                     |                   |                                                                  |                   |                   |                               |                     |
| Income from outside clients      | \$ 1,549,091        | \$ 574,645        | \$ 892,421                                                       | \$ 358,558        | \$ 243,918        | \$ -                          | \$ 3,618,633        |
| Inter-segment income             | 160,181             | 18,057            | 523,601                                                          | 6,400             | 24                | ( 708,263)                    | -                   |
| Total income                     | <u>\$1,709,272</u>  | <u>\$ 592,702</u> | <u>\$ 1,416,022</u>                                              | <u>\$ 364,958</u> | <u>\$ 243,942</u> | <u>(\$ 708,263)</u>           | <u>\$ 3,618,633</u> |
| Segment income or loss           | <u>\$209,317</u>    | <u>\$ 40,100</u>  | <u>\$ 22,379</u>                                                 | <u>(\$ 6,668)</u> | <u>\$ 102,936</u> | <u>(\$ 174,978)</u>           | <u>\$ 193,086</u>   |
| Segment income or loss includes: |                     |                   |                                                                  |                   |                   |                               |                     |
| Depreciation and amortization    | <u>\$ 47,915</u>    | <u>\$ 30,864</u>  | <u>\$ 78,497</u>                                                 | <u>\$ 15,034</u>  | <u>\$ 9,268</u>   | <u>\$ -</u>                   | <u>\$ 181,578</u>   |
| Interest income                  | <u>\$ 9</u>         | <u>\$ 18</u>      | <u>\$ 2,122</u>                                                  | <u>\$ 44</u>      | <u>\$ 889</u>     | <u>\$ -</u>                   | <u>\$ 3,082</u>     |
| Income tax expense               | <u>\$ 50,261</u>    | <u>\$ 8,065</u>   | <u>(\$ 63)</u>                                                   | <u>\$ -</u>       | <u>\$ 16,480</u>  | <u>\$ -</u>                   | <u>\$ 74,743</u>    |
| Interest expense                 | <u>\$ 5,147</u>     | <u>\$ -</u>       | <u>\$ 3,175</u>                                                  | <u>\$ 84</u>      | <u>\$ 179</u>     | <u>\$ -</u>                   | <u>\$ 8,585</u>     |

(III) Region

Information by region for 2023 and 2022 is shown below:

|           | 2023                |                               | 2022                |                               |
|-----------|---------------------|-------------------------------|---------------------|-------------------------------|
|           | <u>Income</u>       | <u>Non-current<br/>assets</u> | <u>Income</u>       | <u>Non-current<br/>assets</u> |
| Japan     | \$ 1,558,110        | \$ 485,568                    | \$ 1,543,666        | \$ 435,207                    |
| China     | 750,540             | 240,549                       | 904,021             | 286,084                       |
| Vietnam   | 527,207             | 116,130                       | 419,987             | 135,340                       |
| Thailand  | 400,533             | 89,508                        | 360,827             | 120,578                       |
| Malaysia  | 165,816             | 42,619                        | 215,204             | 48,717                        |
| Singapore | 231,468             | -                             | 164,619             | -                             |
| Other     | 11,740              | 4,122                         | 10,309              | 5,817                         |
|           | <u>\$ 3,645,414</u> | <u>\$ 978,496</u>             | <u>\$ 3,618,633</u> | <u>\$ 1,031,743</u>           |

(IV) Main clients

Information on main clients for 2023 and 2022 is shown below:

|           | 2023          | 2022          |
|-----------|---------------|---------------|
|           | <u>Income</u> | <u>Income</u> |
| Company A | \$ 1,008,038  | \$ 859,008    |
| Company B | 699,894       | 731,664       |
| Company C | 495,139       | 451,122       |

IKKA Holdings (Cayman) Ltd. and Its Subsidiaries

Loans to Others

January 1, 2023- December 31, 2023

Table 1

Unit: NTD 1000

(Unless Otherwise Specified)

| No.      |              | General ledger account   | Related Party     | Maximum outstanding balance | Ending Balance | Amount Actually Drawn | Interest Rate | Nature of Loan | Amount of transactions with the borrower | Reason for short-term Loans | Collateral | Allowance for Impairment Loss | Item Value | Limit on Loans to a Single Party | Aggregate Loans Limit | Remark |
|----------|--------------|--------------------------|-------------------|-----------------------------|----------------|-----------------------|---------------|----------------|------------------------------------------|-----------------------------|------------|-------------------------------|------------|----------------------------------|-----------------------|--------|
| (Note 1) | Creditor     | Borrower                 | (Note 2)          | (Note 3)                    | (Note 8)       |                       |               | (Note 4)       | (Note 5)                                 | (Note 6)                    |            |                               |            | (Note 7)                         | (Note 7)              | Remark |
| 1        | DaiichiKasei | IKKA Dongguan            | Other receivables | Y                           | \$ 90,785      | \$ 85,969             | \$ 85,969     | -              | Short-term financing                     | - Operating support         | -          | -                             | -          | \$ 1,507,855                     | \$ 1,507,855          | Note 1 |
| 1        | DaiichiKasei | IKKA Vietnam             | Other receivables | Y                           | 115,450        | 108,600               | -             | 1.30           | Short-term financing                     | - Operating support         | -          | -                             | -          | 1,507,855                        | 1,507,855             | Note 1 |
| 1        | DaiichiKasei | IKKA HK                  | Other receivables | Y                           | 10,022         | -                     | -             | -              | Short-term financing                     | - Operating support         | -          | -                             | -          | 1,507,855                        | 1,507,855             | Note 1 |
| 2        | IKKA HK      | IKKA Technology Dongguan | Other receivables | Y                           | 49,043         | 46,441                | 46,441        | -              | Short-term financing                     | - Operating support         | -          | -                             | -          | 478,948                          | 478,948               | Note 1 |
| 3        | Sol-Plus JP  | Hiraiseimitsu            | Other receivables | Y                           | 73,046         | 68,775                | 68,775        | -              | Short-term financing                     | - Operating support         | -          | -                             | -          | 145,717                          | 145,717               | Note 1 |
| 3        | Sol-Plus JP  | Hiraiseimitsu            | Other receivables | Y                           | 5,773          | 5,430                 | 5,430         | 1.50           | Short-term financing                     | - Operating support         | -          | -                             | -          | 145,717                          | 145,717               | Note 1 |

Note 1: The Companies are coded as follows:

1. The issuer is coded as “0”

2. The investees are coded consecutively beginning from “1” in the order presented in the table above.

Note 2: The following items related to accounts receivable from related parties, accounts receivable from related persons, shareholder transactions, prepaid payments, temporary payments, and any other items of a similar nature, if they belong to the category of fund advances, must be entered in this field.

Note 3: The maximum balance of financing amount to others during this year.

Note 4: The nature of the loan should be indicated as a business transaction or a short-term financing necessity.

Note 5: If the nature of the loan is a business transaction, the amount of business transaction should be indicated. The amount of business transaction refers to the amount of business transaction between the lending company and the loan recipient in the most recent year.

Note 6: If a loan is necessary for short-term financing, the reason for the necessary loan and the use of loans by the loan recipient should be specifically stated, such as: repayment of loans, purchase of equipment,

operating support, etc.

Note 7 The calculation of the limit of financing:

1. The loan amount to an individual borrower cannot exceed 100% of the lender's net worth.
2. The total amount of loans made cannot exceed 40% of the lender's net worth.

Note 8: If a public offering company submits a board of directors' resolution for a loan of funds on an individual basis pursuant to Article 14, Paragraph 1 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the amount of the board of directors' resolution should be included in the balance of the announcement even though the loans have not yet been prepared in order to disclose the risk it has assumed. However, the balance of the loan after repayment of the funds should be disclosed to reflect the adjustment of the risk. If a public company has a board of directors' resolution authorizing the chairman of the board of directors to make loans or recurring loans within a certain amount and a period of one year pursuant to paragraph 2 of Article 14 of the aforementioned Regulation, the amount of loans approved by the board of directors' meeting should still be included in the balance of the announcement, and even though the loans are repaid subsequently, the amount of the funds approved by the board of directors' meeting should be included in the balance of the announcement in order to reflect the adjustment of the risk.

IKKA Holdings (Cayman) Ltd. and Its Subsidiaries

Endorsements/Guarantees Provided

January 1, 2023- December 31, 2023

Table 2

Unit: NTD 1000  
(Unless Otherwise Specified)

| No.      | Endorsed/Guaranteed Party      |              |                                                            |                              |                |                       |                                                              |                                                                                          |                                                |                                                  |                                              |                                                          |        |   |        |
|----------|--------------------------------|--------------|------------------------------------------------------------|------------------------------|----------------|-----------------------|--------------------------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------------------|--------------------------------------------------|----------------------------------------------|----------------------------------------------------------|--------|---|--------|
|          |                                | Relationship | Limits on Endorsement Guarantee Amount Provided to a Party | Maximum Balance for the Year | Ending Balance | Amount Actually Drawn | Amount of Endorsement/Guarantee Collateralized by Properties | Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements | Maximum/Endorsement Guarantee Amount Allowable | Endorsement/Guarantee Provided by Parent Company | Endorsement/Guarantee Provided by Subsidiary | Endorsement/Guarantee to Subsidiary in the Mainland Area |        |   |        |
| (Note 1) | Endorsement Guarantee Provider | Name         | (Note 2)                                                   |                              | (Note 5)       | (Note 6)              | (Note 7)                                                     |                                                                                          |                                                | (Note 8)                                         | (Note 8)                                     | (Note 8)                                                 | Remark |   |        |
| 1        | DaiichiKasei                   | IKKA HK      | 2                                                          | \$                           | 603,142 \$     | 68,640 \$             | 65,160 \$                                                    | 32,580 \$                                                                                | -                                              | 4.32 \$                                          | 1,055,499                                    | N                                                        | N      | N | Note 2 |
| 2        | Sol-Plus HK                    | Sol-Plus JP  | 2                                                          |                              | 82,713         | 31,140                | -                                                            | -                                                                                        | -                                              | -                                                | 144,748                                      | N                                                        | N      | N | Note 2 |

Note 1: The Companies are coded as follows:

1. The issuer is coded as "0".
2. The investees are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Seven types of relationship between a guarantor and the beneficiary of the guarantee, and the codes for each relationship are explained as follows:

1. Companies with which there is a business relationship.
2. Subsidiaries in which there is a direct holding of more than 50% of the ordinary shares.
3. An investee company in which the parent company and subsidiaries jointly hold more than 50% of common shares.
4. A parent company that directly or indirectly holds more than 50% of the common shares of the Company through its subsidiaries.
5. A company to which mutual guarantees are provided in accordance with a contract with a company in the same industry arising from a project.
6. A company to which a guarantee is provided by each of the joint shareholders in accordance with their shareholding ratio in a joint venture.
7. Joint and several performance guarantees for pre-sale housing sales contracts jointly with companies in the same industry in accordance with the Consumer Protection Act.

Note 3: DaiichiKasei's maximum endorsements/guarantees amount shall not exceed 70% of their net value based on the latest financial statement as audited and certified or reviewed by an accountant. The maximum amount of endorsements/guarantees to a single enterprise, for a subsidiary in which it directly holds more than 90% of the ordinary shares the maximum is 40% of the current net value based on the latest financial statement as reviewed or audited by an accountant, and for others the endorsements/guarantees cannot exceed 30% of the net value of the beneficiary of the guarantee.

Note 4: The maximum balance of endorsement/guarantee for others for the current year.

Note 5: The amount approved by the board of directors should be shown. However, if the board of directors authorizes the chairman of the board of directors to make a resolution in accordance with Article 12, Paragraph 8 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the amount resolved by the chairman of the board of directors shall be the amount resolved by the board of directors.

Note 6: Show the actual amount of the endorsed company's expenditures within the range of the endorsement/guarantee balance.

Note 7: Y is required for endorsement/guarantee by listed parent company to subsidiary company, endorsement/guarantee by subsidiary company to listed parent company, and endorsement/guarantee by Mainland China.

IKKA Holdings (Cayman) Ltd. and Its Subsidiaries  
Securities Held at the End of the Period (Excluding Investment in Subsidiaries and Affiliates)  
As of December 31, 2023

Table 3

Unit: NTD 1000  
(Unless Otherwise Specified)

| Holding Company Name | Type and Name of Marketable Securities (Note 1)     | Relationship with the Issuer (Note 2) | General Ledger Account                                                                            | Shares (1000) | As of December 31, 2023  |                         |                     | Remark    |
|----------------------|-----------------------------------------------------|---------------------------------------|---------------------------------------------------------------------------------------------------|---------------|--------------------------|-------------------------|---------------------|-----------|
|                      |                                                     |                                       |                                                                                                   |               | Carrying Amount (Note 3) | Percentage of Ownership | Fair Value (Note 4) |           |
| DaiichiKasei         | Stock Sony Corporation                              | -                                     | Equity instruments measured at fair value through other comprehensive profit or loss- Non-Current | 3             | \$ 10,085                | -                       | \$ 10,085           | Unpledged |
| DaiichiKasei         | Stock Sumitomo Electric Industries                  | -                                     | Equity instruments measured at fair value through other comprehensive profit or loss- Non-Current | 15            | 6,006                    | -                       | 6,006               | Unpledged |
| DaiichiKasei         | Stock Brother Industries, Ltd.                      | -                                     | Equity instruments measured at fair value through other comprehensive profit or loss- Non-Current | 10            | 4,649                    | -                       | 4,649               | Unpledged |
| DaiichiKasei         | Stock Panasonic Corporation                         | -                                     | Equity instruments measured at fair value through other comprehensive profit or loss- Non-Current | 2             | 488                      | -                       | 488                 | Unpledged |
| IKKA Holdings        | Stock JET Optoelectronics Co., Ltd.                 | -                                     | Equity instruments measured at fair value through other comprehensive profit or loss- Non-Current | 1,177         | 62,436                   | 1.96%                   | 62,436              | Unpledged |
| IKKA Holdings        | Partner Changneng Capital Limited ships Partnership | -                                     | Equity instruments measured at fair value through other comprehensive profit or loss- Non-Current | -             | 2,796                    | 1.62%                   | 2,796               | Unpledged |

Note 1: The term “securities” mentioned in this table refers to stocks, bonds, beneficiary certificates, and securities derived from the above-mentioned items within the scope of IFRS 9, “Financial Instruments”.

Note 2: If the issuer of securities is not a related party, the column is exempted.

Note 3: If the securities are measured at fair value, the carrying amount in the column should be the carrying amount after fair value adjustment and net of accumulated impairment; if the securities are not measured at fair value, the carrying amount in the column should be the carrying amount at acquisition cost or amortized cost, net of accumulated impairment.

Note 4: If any of the listed securities are subject to restrictions on use due to guarantees, pledged loans, or other agreements, the number of shares guaranteed or pledged, the amount of guarantee or pledge, and the circumstances under which the use is restricted should be stated in the Remark column.

IKKA Holdings (Cayman) Ltd. and Its Subsidiaries

Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 million or 20% of the Paid-in Capital  
January 1, 2023 - December 31, 2023

Table 4

Unit: NTD 1000  
(Unless Otherwise Specified)

Differences in transaction terms  
compared to third-party transactions (Note 1)  
Transaction

| Purchaser/seller | Counterparty  | Relationship with the counterparty | Purchases (sales) | Amount     | Percentage of total purchases (sales) | Credit term                         | Unit price             | Credit term            | Notes/accounts receivable (payable) |                                                         |                 |  |
|------------------|---------------|------------------------------------|-------------------|------------|---------------------------------------|-------------------------------------|------------------------|------------------------|-------------------------------------|---------------------------------------------------------|-----------------|--|
|                  |               |                                    |                   |            |                                       |                                     |                        |                        | Balance                             | Percentage of total notes/accounts receivable (payable) | Remark (Note 2) |  |
| IKKA HK          | DaiichiKasei  | Same parent company                | (Sales)           | \$ 119,854 | 3%                                    | 60 days                             | No material difference | No material difference | \$ 69,290                           | 2%                                                      | -               |  |
| DaiichiKasei     | IKKA Vietnam  | Same parent company                | (Sales)           | 63,360     | 2%                                    | As agreed by the parties<br>60 days | No material difference | No material difference | 16,445                              | 0.45%                                                   | -               |  |
| IKKA HK          | IKKA Dongguan | Subsidiary                         | (Sales)           | 67,918     | 2%                                    |                                     | No material difference | No material difference | 46,446                              | 1%                                                      | -               |  |
| IKKA Dongguan    | IKKA HK       | Same parent company                | (Sales)           | 189,283    | 5%                                    | 60 days                             | No material difference | No material difference | 33,832                              | 1%                                                      | -               |  |

Note 1: If the terms and conditions of related party transactions are different from those of regular transactions, the differences should be disclosed in the columns of unit price and credit term and the reasons for the differences.

Note 2: If there are any advance receipts (payments), the reasons, contract terms, amounts, and differences from normal transactions should be stated in the Remark column.

Note 3: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's stock has no par value or the par value per share is not NTD 10, the transaction amount of 20% of the paid-in capital is calculated based on 10% of the owners' equity of the parent company in the balance sheet.

Note 4: The related transactions are no longer disclosed on the basis of revenue disclosure.

Table 5

IKKA Holdings (Cayman) Ltd. and Its Subsidiaries  
Receivables from Related Parties Amounting to at Least NTD 100 Million  
or 20% of the Paid-in Capital  
January 1, 2023 - December 31, 2023

Unit: NTD 1000  
(Unless Otherwise Specified)

|                       |              | Balance      |            | Overdue Receivables |           | Amount collected subsequent to the balance sheet date |    |                                 |  |
|-----------------------|--------------|--------------|------------|---------------------|-----------|-------------------------------------------------------|----|---------------------------------|--|
| Creditor              | Counterparty | Relationship | ( Note 1 ) | Turnover rate       | Amount    | Action Taken                                          |    | Allowance for doubtful accounts |  |
| IKKA HK               | DaiichiKasei | 2            | \$ 69,290  | 2.30                | \$ 36,981 | -                                                     | \$ | -                               |  |
| (Accounts Receivable) |              |              |            |                     |           |                                                       |    |                                 |  |

Note 1: Please list accounts receivable from related parties, notes, other receivables, etc. separately.

Note 2: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's stock has no par value or the par value per share is not NTD 10, the transaction amount of 20% of the paid-in capital is calculated based on 10% of the owners' equity of the parent company in the balance sheet.

IKKA Holdings (Cayman) Ltd. and Its Subsidiaries  
Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts  
January 1, 2023 - December 31, 2023

Table 6

Unit: NTD 1000  
(Unless Otherwise Specified)

| Transaction |               |              |              |                        |         |                   |                                                                                 |
|-------------|---------------|--------------|--------------|------------------------|---------|-------------------|---------------------------------------------------------------------------------|
| No          |               |              |              |                        |         |                   |                                                                                 |
| (Note 1)    | Company name  | Counterparty | Relationship | General ledger account | Amount  | Transaction Terms | Percentage of consolidated total operating revenues or total assets<br>(Note 3) |
| 2           | IKKA HK       | DaiichiKasei | 3            | Sales revenue          | 119,854 | Net 60 days       | 3%                                                                              |
| 4           | IKKA Dongguan | IKKA HK      | 3            | Sales revenue          | 189,283 | Net 60 days       | 5%                                                                              |

Note 1: The information on business transactions between the parent company and subsidiaries should be indicated in the number column separately, and the number should be filled in as follows:

1. The parent company is coded as "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Three types of relationship with the trader, explained as follows in accordance with the code (if it is the same transaction between the parent company and subsidiaries or between subsidiaries, it is not necessary to repeat the disclosure. For example, if the parent company has already disclosed the parent company's transactions with its subsidiaries, the subsidiaries' portion of the transaction does not need to be repeatedly disclosed; if one of the subsidiaries has already disclosed its transactions with its subsidiaries, the other subsidiary does not need to be repeatedly disclosed):

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

Note 3: The ratio of transaction amount to consolidated total revenues or total assets is calculated as the ending balance to consolidated total assets for balance sheet items and as the cumulative amount to consolidated total operating revenues for profit and loss items.

Note 4: The materiality principle of this statement is based on the ratio of the transaction amount to 3% of the consolidated total revenue or total assets. In addition, assets and revenues are disclosed on an asset and revenue basis, and the related transactions are not disclosed.

IKKA Holdings (Cayman) Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.) (Investees in the Mainland Area Excluded)  
January 1, 2023 - December 31, 2023

Table 7

Unit: NTD 1000  
(Unless Otherwise Specified)

| Investor      | Investee<br>(Note 1, 2) | Location  | Main business                                                                                                                                                                                       | Initial investment amount             |                                       | Shares Held as of December 31, 2023 |                  |              | Net profit<br>(loss) of the<br>investee for the<br>year ended<br>December 31,<br>2023 | Investment<br>income (loss)<br>recognized by the<br>Company for the<br>year ended<br>December 31, 2023 | Remark     |
|---------------|-------------------------|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|-------------------------------------|------------------|--------------|---------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|------------|
|               |                         |           |                                                                                                                                                                                                     | Balance as of<br>December 31,<br>2023 | Balance as of<br>December 31,<br>2022 | Number of shares                    | Ownership<br>(%) | Book value   |                                                                                       |                                                                                                        |            |
| IKKA Holdings | DaiichiKasei            | Japan     | Precision plastic injection molded parts and module production, mold manufacturing, as well as machine and equipment production, precision ceramic injection molded parts.                          | \$627,091                             | \$627,091                             | 64,081                              | 100.00           | \$ 1,507,855 | \$ 173,220                                                                            | \$ 173,220                                                                                             | Subsidiary |
| IKKA Holdings | Sol-Plus HK             | Hong Kong | Investment                                                                                                                                                                                          | 282,535                               | 152,821                               | 7,000,000                           | 100.00           | 206,784      | 6,794                                                                                 | 6,794                                                                                                  | Subsidiary |
| DaiichiKasei  | M.A.C. Technology       | Malaysia  | Manufacturing and packaging of CD and CD ROM, computer printers, electronic and industrial precision ceramics and molds, plastic injection components for the electronics and the camera industries | 380,603                               | 380,603                               | 41,665,000                          | 100.00           | 123,967 (    | 18,555) (                                                                             | 18,555)                                                                                                | Subsidiary |
| DaiichiKasei  | IKKA Vietnam            | Vietnam   | Production, operation, and processing of plastic and metal parts commonly used in automobiles, scooters, and office equipment                                                                       | 58,346                                | 58,346                                | 2,500,000                           | 100.00           | 420,593      | 65,514                                                                                | 65,514                                                                                                 | Subsidiary |
| DaiichiKasei  | IKKA HK                 | Hong Kong | Investment and trade                                                                                                                                                                                | 292,545                               | 292,545                               | 80,067,000                          | 100.00           | 478,948      | 31,866                                                                                | 31,866                                                                                                 | Subsidiary |
| Sol-Plus HK   | Sol-Plus JP             | Japan     | Manufacturing and sales of plastic products and molds                                                                                                                                               | 191,587                               | 191,587                               | 3,404,019,254                       | 100.00           | 145,717      | 4,891                                                                                 | 4,891                                                                                                  | Subsidiary |
| Sol-Plus JP   | Hiraiseimitsu           | Vietnam   | Manufacturing and sales of plastic products and molds                                                                                                                                               | 250,708                               | 250,708                               | 2,500,000                           | 100.00           | 47,105 (     | 1,650) (                                                                              | 1,650)                                                                                                 | Subsidiary |

Note 1: If a public company has a foreign holding company and, in accordance with local laws and regulations, uses consolidated financial statements as its primary financial report, the disclosure of information about the foreign investee company may be limited to the relevant information about the holding company.

Note 2: For cases other than those described in Note 1, the following rules apply:

1. The columns for “Investee,” “Location,” “Main business,” “Initial investment amount,” and “Shares Held as of December 31, 2022,” should be completed in accordance with the status of the (public) company's investment and the status of reinvestment in each investee company that is directly or indirectly controlled by the company, and the relationship between the investee company and the (public) company (such as subsidiaries or sub-subsidiaries) should also be stated in the Remark column.
2. The column, “Net profit (loss) of the investee for the year ended December,” should be filled in with the amount of each investee's profit or loss for the current period.
3. The column, “Investment income (loss) recognized by the Company for the year ended December 31, 2022” should be filled in only for the subsidiaries in which the (public) company has recognized direct investment and the equity-method investees, and the rest should be exempted. When filling in the column “Amount of profit or loss for the period of each subsidiary recognized as direct investment,” it should be confirmed that the amount of profit or loss for the period of each subsidiary has included the profit or loss of the investment that should be recognized in accordance with the regulations on the reinvestment of the subsidiary.

IKKA Holdings (Cayman) Ltd. and Its Subsidiaries  
Investment in Mainland China—Basic Information  
January 1, 2023 - December 31, 2023

Table 8

Unit: NTD 1000  
(Unless Otherwise Specified)

| Investor Company in<br>Mainland China | Method of Investment<br>(Note 1)                                                              | Accumulated<br>Outward<br>Remittance for<br>Investment from<br>Taiwan as of<br>January 1, 2023 | Remittance of Funds                                                                     | Accumulate<br>d Outward<br>Remittance<br>for<br>Investment<br>from<br>Taiwan as<br>of<br>December<br>31, 2023 | Net Income<br>(Loss) of<br>Investee | Direct or<br>Indirect<br>Percentage<br>of<br>Ownership | Recognitio<br>n of<br>Investment<br>Gains and<br>Losses in<br>the Current<br>Period<br>(Note 2) | Carrying<br>Amount as of<br>December<br>31, 2023 | Accumulate<br>d<br>Repatriation<br>of<br>Investment<br>Income as<br>of<br>December<br>31, 2023 |          |            |     |                       |
|---------------------------------------|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|-------------------------------------|--------------------------------------------------------|-------------------------------------------------------------------------------------------------|--------------------------------------------------|------------------------------------------------------------------------------------------------|----------|------------|-----|-----------------------|
|                                       | Main Business                                                                                 | Paid-in Capital                                                                                | Outward                                                                                 | Inward                                                                                                        |                                     |                                                        |                                                                                                 |                                                  | Remark                                                                                         |          |            |     |                       |
| IKKA Dongguan                         | Production and sales of<br>precision plastic parts,<br>hardware parts,<br>bearings, and molds | 232,837                                                                                        | 2                                                                                       | \$- \$                                                                                                        | -                                   | \$ -                                                   | \$-                                                                                             | \$22,223                                         | 100.00                                                                                         | \$22,223 | \$ 351,195 | \$- | Note 2(2)B and Note 5 |
| Company Name                          | Accumulated Outward<br>Remittance for<br>Investment from Taiwan<br>as of December 31, 2022    | Investment<br>Amount<br>Authorized by Investment<br>Commission,<br>MOEA                        | Upper Limit on the Amount of<br>Investment Stipulated by<br>Investment Commission, MOEA |                                                                                                               |                                     |                                                        |                                                                                                 |                                                  |                                                                                                |          |            |     |                       |
| -                                     | Note 4                                                                                        | Note 4                                                                                         | Note 4                                                                                  |                                                                                                               |                                     |                                                        |                                                                                                 |                                                  |                                                                                                |          |            |     |                       |

Note 1: There are three types of investment:

1. Direct investment in the Mainland area.
2. Invest in the mainland via a third jurisdiction.
3. Other methods.

Note 2: The investment income (loss) recognized in current period was determined based on the following basis:

1. If there is no investment gain or loss in the preparatory stage, it should be noted.
2. The basis for recognized investment income or loss is categorized into the following three types, which should be noted.
  - A. The financial statements were audited by an internationally certified public accounting firm in cooperation with a Republic of China accounting firm.
  - B. The financial statements were audited by the auditors of the parent company.
  - C. Others.

Note 3: Relevant figures in this table should be presented in New Taiwan dollars.

Note 4: The company is not a corporation incorporated in the Republic of China, so it is not applicable.

Note 5: Invested in China through a third-party investment company (IKKA HK investment).

IKKA Holdings (Cayman) Ltd. and Its Subsidiaries

Information on Major Shareholders

As of December 31, 2023

Table 9

| Name                                                                                                                  | <u>Shares</u> |                    |
|-----------------------------------------------------------------------------------------------------------------------|---------------|--------------------|
|                                                                                                                       | Shares Held   | Shareholding Ratio |
| Abico International Co., Ltd..                                                                                        | 10,900,000    | 37.00%             |
| Abico Avy Co., Ltd.                                                                                                   | 4,000,000     | 13.58%             |
| Chinatrust Commercial Bank Co., Ltd. acting in its capacity as depositary and representative to Jinmai Investment Co. | 1,706,718     | 5.79%              |