

**SIXXON TECH. CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Six Months Ended June 30, 2023 and 2022**

Address: P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Cayman
KY1-1205 Cayman Islands.
Telephone: +66-38-570029

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

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安侯建業聯合會計師事務所
KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of Sixxon Tech. Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Sixxon Tech. Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of June 30, 2023 and 2022, and the consolidated statement of comprehensive income for the three months and six months ended June 30, 2023 and 2022, changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2023 and 2022, and its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022, and its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audits of the consolidated financial statements of the six months ended June 30, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Operating Revenue- Revenue Recognition of consignment Inventory

Please refer to note 4(c) revenue for operating revenue recognition of hub inventory ; information regarding sales revenue from contracts with customers is shown in note 6(o) of the consolidated financial statements.

Description of key audit matter:

The Group has hub inventory in overseas warehouses which do not belong to the Group. The revenue recognition, according to the partial sales contract of the Group, should be based on the circumstance of hub inventory withdraw. Both parties reconcile periodically to ensure the consistency in the amount and the timing of purchases and sales recognition. Therefore, revenue recognition, hub inventory withdraw is one of the key judgmental areas for our audit.

Audit Procedure:

Our principal audit procedures included: selectively testing the related controls surrounding the sales and collection cycle. Besides, reconciling the account records between the Group and overseas warehouse, as well as obtaining external information to assess whether the operating revenue recognition of the Group is in accordance with the related accounting policies.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are I-Wen Wang and Kuan-Ying Kuo.

KPMG

Taipei, Taiwan (Republic of China)
August 28, 2023

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
SIXXON TECH. CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2023, December 31, 2022, and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2023		December 31, 2022		June 30, 2022				June 30, 2023		December 31, 2022		June 30, 2022	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note (6)(a))	\$ 680,322	28	750,362	30	707,257	30	2100	Short-term borrowings (note (6)(i))	\$ 26,448	1	-	-	-	-
1110	Current financial assets at fair value through profit or loss (note (6)(b))	3,083	-	863	-	10,792	-	2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	-	-	7,986	-	-	-
1136	Current financial assets at amortized cost (note (6)(c))	93,420	4	92,130	4	-	-	2170	Accounts payable (note (7))	46,740	2	67,212	3	70,392	3
1170	Accounts receivable, net (including related parties) (notes (6)(d)and (7))	281,390	11	293,445	11	306,090	13	2200	Other payables (note (6)(j))	62,304	2	47,605	2	80,687	3
1310	Inventories, net (note (6)(e))	295,058	12	294,320	11	252,451	11	2230	Current income tax liabilities	-	-	340	-	-	-
1470	Other current assets (note (6)(h))	32,983	1	28,175	1	23,791	1	2300	Other current liabilities	3,224	-	6,193	-	7,344	-
		<u>1,386,256</u>	<u>56</u>	<u>1,459,295</u>	<u>57</u>	<u>1,300,381</u>	<u>55</u>			<u>138,716</u>	<u>5</u>	<u>129,336</u>	<u>5</u>	<u>158,423</u>	<u>6</u>
Non-current assets:								Non-Current liabilities:							
1600	Property, plant and equipment (notes (6)(f)and (8))	1,033,711	42	1,065,104	42	1,007,532	44	2600	Provisions for employee benefits, non-current	93,830	4	92,318	4	89,504	4
1780	Intangible assets (note (6)(g))	3,984	-	4,094	-	5,019	-		Total liabilities	<u>232,546</u>	<u>9</u>	<u>221,654</u>	<u>9</u>	<u>247,927</u>	<u>10</u>
1900	Other non-current assets (notes (6)(h)and (8))	38,313	2	16,028	1	28,072	1		Equity(note(6)(m)):						
		<u>1,076,008</u>	<u>44</u>	<u>1,085,226</u>	<u>43</u>	<u>1,040,623</u>	<u>45</u>	3100	Share capital	275,000	11	275,000	11	275,000	12
								3200	Capital surplus	1,690,575	69	1,690,575	66	1,690,575	73
								3310	Legal reserve	71,053	3	41,255	2	41,255	2
								3320	Special reserve	97,483	4	-	-	-	-
								3350	Unappropriated retained earnings	210,809	9	413,520	16	263,942	11
								3400	Other equity	(115,202)	(5)	(97,483)	(4)	(177,695)	(8)
									Total equity	<u>2,229,718</u>	<u>91</u>	<u>2,322,867</u>	<u>91</u>	<u>2,093,077</u>	<u>90</u>
Total assets		<u>\$ 2,462,264</u>	<u>100</u>	<u>2,544,521</u>	<u>100</u>	<u>2,341,004</u>	<u>100</u>	Total liabilities and equity		<u>\$ 2,462,264</u>	<u>100</u>	<u>2,544,521</u>	<u>100</u>	<u>2,341,004</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

SIXXON TECH. CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the three months and six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)**

		For the three months ended June 30				For the six months ended June 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue, net (note (6)(o) and (7))	\$ 277,462	100	310,871	100	577,549	100	632,910	100
5000	Operating costs (notes (6)(e), (6)(k) and (12))	218,293	79	234,002	75	460,235	80	480,600	76
	Gross profit from operations	59,169	21	76,869	25	117,314	20	152,310	24
	Operating expenses (note(6)(k),(6)(1),(7) and(12)):								
6100	Selling expenses	11,332	4	12,297	4	22,081	4	22,254	3
6200	Administrative expenses	15,937	5	17,785	6	31,050	5	35,063	6
6300	Research and development expenses	10,487	4	6,694	2	21,767	4	13,494	2
6450	Expected credit losses (gains) (note (6)(d))	2,728	1	(1,320)	-	2,783	-	(1,303)	-
		40,484	14	35,456	12	77,681	13	69,508	11
6900	Operating Income	18,685	7	41,413	13	39,633	7	82,802	13
	Non-operating income and expenses:								
7100	Interest income	6,357	2	1,019	-	12,377	2	1,371	-
7190	Other income	86	-	643	-	453	-	643	-
7020	Other gains and losses	2,974	1	29	-	4,421	1	28	-
7230	Foreign exchange gains, net (note (6)(q))	17,827	6	15,398	5	18,805	3	49,875	8
7510	Interest expense	(8)	-	-	-	(8)	-	-	-
7590	Miscellaneous disbursements	(9)	-	-	-	(182)	-	(9)	-
7235	Gains on financial assets (liabilities) at fair value through profit or loss	1,970	1	16,548	5	1,167	-	13,740	2
		29,197	10	33,637	10	37,033	6	65,648	10
7900	Income before income tax	47,882	17	75,050	23	76,666	13	148,450	23
7950	Less: Income tax expenses (note (6)(l))	-	-	-	-	846	-	50	-
	Net income	47,882	17	75,050	23	75,820	13	148,400	23
8300	Other comprehensive income:								
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	(23,869)	(9)	(28,317)	(9)	(17,719)	(3)	14,367	2
8399	Less: Income tax related to components of other comprehensive income	-	-	-	-	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(23,869)	(9)	(28,317)	(9)	(17,719)	(3)	14,367	2
8300	Other comprehensive income (loss)	(23,869)	(9)	(28,317)	(9)	(17,719)	(3)	14,367	2
8500	Total comprehensive income	<u>\$ 24,013</u>	<u>8</u>	<u>46,733</u>	<u>14</u>	<u>58,101</u>	<u>10</u>	<u>162,767</u>	<u>25</u>
	Earnings per share (note (6)(n)):								
9750	Basic earnings per share (NT dollars)	<u>\$ 1.74</u>		<u>2.73</u>		<u>2.76</u>		<u>5.40</u>	
9850	Diluted earnings per share (NT dollars)	<u>\$ 1.74</u>		<u>2.72</u>		<u>2.75</u>		<u>5.37</u>	

See accompanying notes to consolidated financial statements.

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

SIXXON TECH. CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

			Retained earnings		Other equity		
	Ordinary	Capital	Legal	Special	Unappropriated	Exchange	Total
	shares	surplus	reserve	reserve	retained earnings	differences on	equity
						translation of	
						foreign financial	
						statements	
Balance at January 1, 2022	\$ 275,000	1,690,575	11,197	-	318,850	(192,062)	2,103,560
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	30,058	-	(30,058)	-	-
Special reserve appropriated	-	-	-	-	(173,250)	-	(173,250)
Net income for the six months ended June 30,2022	-	-	-	-	148,400	-	148,400
Other comprehensive income for the six months ended June 30,2022	-	-	-	-	-	14,367	14,367
Comprehensive income for the six months ended June 30,2022	-	-	-	-	148,400	14,367	162,767
Balance at June 30, 2022	\$ 275,000	1,690,575	41,255	-	263,942	(177,695)	2,093,077
Balance at January 1,2023	\$ 275,000	1,690,575	41,255	-	413,520	(97,483)	2,322,867
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	29,798	-	(29,798)	-	-
Special reserve appropriated	-	-	-	97,483	(97,483)	-	-
Cash dividends of ordinary share	-	-	-	-	(151,250)	-	(151,250)
Net income for the six months ended June 30,2023	-	-	-	-	75,820	-	75,820
Other comprehensive income for the six months ended June 30,2023	-	-	-	-	-	(17,719)	(17,719)
Comprehensive income for the six months ended June 30,2023	-	-	-	-	75,820	(17,719)	58,101
Balance at June 30, 2023	\$ 275,000	1,690,575	71,053	97,483	210,809	(115,202)	2,229,718

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SIXXON TECH. CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months and six months ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2023	2022
Cash flows from operating activities:		
Income before income tax	\$ 76,666	148,450
Adjustments:		
Depreciation expense	80,872	69,979
Amortization expense	1,115	1,179
Expected credit loss (gain)	2,783	(1,303)
Net gain on financial assets or liabilities at fair value through profit or loss	(1,167)	(13,740)
Interest expense	8	-
Interest income	(12,377)	(1,371)
Gain on disposal of property, plant and equipment	(4,421)	(28)
Total adjustments to reconcile profit (loss)	66,813	54,716
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets or liabilities at fair value through profit or loss	(9,039)	3,630
Decrease in accounts receivable	9,295	1,906
Increase in inventories	(738)	(17,694)
Decrease (increase) in other current assets	(4,610)	803
Decrease in other non - current assets	-	731
Decrease in accounts payable (including related parties)	(20,472)	(3,395)
Increase in accrued expense and other payable	17,574	26,056
Decrease in other current liabilities	(2,969)	(2,203)
Increase in provisions for employee benefits	1,512	3,937
Total adjustments	57,366	68,487
Cash inflow generated from operations	134,032	216,937
Interest received	12,877	1,271
Income taxes paid	(1,192)	(218)
Net cash flows from operating activities	145,717	217,990
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(67,038)	(43,894)
Proceeds from disposal of property, plant and equipment	3,831	7,461
Acquisition of intangible assets	(1,061)	(1,240)
Increase in other non-current assets	(49)	(435)
Increase in prepayments for business facilities	(22,236)	(20,189)
Net cash flows used in investing activities	(86,553)	(58,297)
Cash flows from financing activities:		
Increase in short-term borrowings	26,448	-
Cash dividends paid	(151,250)	(168,630)
Net cash flows used in financing activities	(124,802)	(168,630)
Effect of exchange rate changes on cash and cash equivalents	(4,402)	(1,152)
Net decrease in cash and cash equivalents	(70,040)	(10,089)
Cash and cash equivalents at beginning of period	750,362	717,346
Cash and cash equivalents at end of period	\$ 680,322	707,257

See accompanying notes to consolidated financial statements.

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

SIXXON TECH. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

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

(1) Company history

Sixxon Tech. Co., Ltd. (the “Company”) was incorporated on January 20, 2020, and registered in British Cayman Islands. The main purpose of the establishment was to restructure the organization for the application of listing on the Taiwan Stock Exchange ("TWSE") in the Republic of China. On March 30, 2020, the Company acquired all issued and outstanding ordinary shares of Global Thaixon Precision Industry CO., LTD. (“GT”), Thaixon Tech CO., LTD. (“TT”) and Caltech (Hong Kong) LTD. (“Caltech”). The Company became the holding company of GT, TT and Caltech after restructuring the Group. GT, TT and Caltech are mainly engaged in designing, manufacturing, processing and selling of automotive, industrial, 3C and medical related components. The Company's shares have been listed and traded on the Taiwan Stock Exchange since July 31, 2023.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issue by the Board of Directors on August 28, 2023.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of significant accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

List of the subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Percentage of Ownership		
			June 30, 2023	December 31, 2022	June 30, 2022
The Company	GT	Design, manufacture, processing and sale of automotive, industrial, 3C and medical related components.	100 %	100 %	100 %
The Company	TT	Design, manufacture, processing and sale of automotive, industrial and 3C related components.	100 %	100 %	100 %
The Company	Caltech	Sale of automotive related components.	100 %	100 %	100 %

(c) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group’s main types of revenue are explained below.

1) Sale of goods

The Group sells automotive, industrial, 3C and medical related components, etc. The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer.

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(d) Employee benefits

The defined benefit pension during the interim period was calculated using the actuarially determined pension cost rate on the prior year's reporting date, based on the year-to-date basis, and was adjusted for material market volatility and material reductions, settlements, or other material one-off events after that reporting date.

(e) Income taxes

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

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

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

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2022. For related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2022.

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2022 consolidated financial statements. Please refer to note (6) of the 2022 annual consolidated financial statements.

(a) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	\$ 26	27	25
Checking accounts and demand deposits	427,461	309,239	359,320
Time deposits	<u>252,835</u>	<u>441,096</u>	<u>347,912</u>
	<u>\$ 680,322</u>	<u>750,362</u>	<u>707,257</u>

Please refer to note 6(q) for the disclosure of the exchange rate risk and the sensitivity analysis of the financial assets and liabilities of the Group.

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

(i)

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets mandatorily measured at fair value through profit or loss:			
Derivatives instrument not used for hedging			
Forward exchange contracts	<u>\$ 3,083</u>	<u>863</u>	<u>10,792</u>
Financial liabilities mandatorily measured at fair value through profit or loss:			
Derivatives instrument not used for hedging			
Forward exchange contracts	<u>\$ -</u>	<u>7,986</u>	<u>-</u>

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group holds derivative financial instruments to hedge certain foreign exchange and interest rate risk the Group is exposed to arising from its operating activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial assets:

June 30, 2023			
	Contract amount (in thousands)	Currency	Maturity dates
Financial Assets:			
Forward exchange purchased	USD <u><u>2,500</u></u>	USD to THB	2023.9.12
December 31, 2022			
	Contract amount (in thousands)	Currency	Maturity dates
Financial Assets :			
Forward exchange sold	EUR <u><u>1,000</u></u>	EUR to THB	2023.2.14
Financial Liabilities :			
Forward exchange purchased	USD <u><u>5,500</u></u>	USD to THB	2023.1.13~2023.3.16
June 30, 2022			
	Contract amount (in thousands)	Currency	Maturity dates
Financial Assets:			
Forward exchange purchased	USD <u><u>10,000</u></u>	USD to THB	2022.7.11~2022.10.6

As of June 30, 2023, December 31 and June 30, 2022, the financial assets and liabilities at fair value through profit or loss had not been pledged as collateral.

The Group's information of currency risk and fair value of financial instruments, please refer to note 6(q).

(c) Financial assets measured at amortized cost

	June 30, 2023	December 31, 2022	June 30, 2022
Current			
Time deposits with original maturities of more than three months	\$ <u><u>93,420</u></u>	<u><u>92,130</u></u>	<u><u>-</u></u>

(i) For credit risk, please refer to note 6(q).

(ii) As of June 30, 2023 and December 31, 2022, the financial assets measured at amortized cost had not been pledged as collateral.

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(d) Accounts receivable (including related parties)

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable (including related parties) –measured as amortized cost	\$ 284,162	293,457	306,481
Less: Loss allowance	<u>(2,772)</u>	<u>(12)</u>	<u>(391)</u>
	<u>\$ 281,390</u>	<u>293,445</u>	<u>306,090</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable has been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowances were determined as follows:

June 30, 2023			
	Gross carrying amount	Weighted- average loss rate	Loss allowance
0 to 59 days past due	\$ 277,508	-%	-
60 to 90 days past due	3,445	0.99%	34
91 to 120 days past due	25	8.00%	2
121 to 150 days past due	146	15.07%	22
151 to 180 days past due	405	20.00%	81
More than 181 days past due	<u>2,633</u>	100.00%	<u>2,633</u>
	<u>\$ 284,162</u>		<u>2,772</u>
December 31, 2022			
	Gross carrying amount	Weighted- average loss rate	Loss allowance
0 to 59 days past due	\$ 292,954	-%	-
60 to 90 days past due	413	0.48%	2
91 to 120 days past due	26	-%	-
121 to 150 days past due	<u>64</u>	15.63%	<u>10</u>
	<u>\$ 293,457</u>		<u>12</u>
June 30, 2022			
	Gross carrying amount	Weighted- average loss rate	Loss allowance
0 to 59 days past due	\$ 303,636	-%	-
60 to 90 days past due	1,822	0.66%	12
91 to 120 days past due	706	8.78%	62
More than 181 days past due	<u>317</u>	100.00%	<u>317</u>
	<u>\$ 306,481</u>		<u>391</u>

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movements in the allowance for accounts receivable were as follows:

	For the six months ended June 30,	
	2023	2022
Balance at January 1	\$ 12	1,670
Impairment losses recognized	2,783	-
Impairment losses reversed	-	(1,303)
Foreign exchange gains (losses)	(23)	24
Balance at June 30	<u><u>\$ 2,772</u></u>	<u><u>391</u></u>

As of June 30, 2023, December 31 and June 30, 2022, the accounts receivable had not been pledged as collateral.

(e) Inventories

(i) The details of inventories were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Raw materials	\$ 104,156	91,807	76,621
Semi-finished goods and work in progress	49,651	41,702	42,417
Finished goods	141,251	160,811	133,413
	<u><u>\$ 295,058</u></u>	<u><u>294,320</u></u>	<u><u>252,451</u></u>

(ii) The details of the cost of sales for the three months and six months ended June 30, 2023 and 2022 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Cost of sales and expense	\$ 215,938	234,317	446,712	481,739
Provision (reversal) for inventory valuation loss and obsolescence	(5,668)	(137)	1,819	880
Idle capacity	9,835	2,108	15,051	2,597
Revenue from sale of scraps	(1,812)	(2,286)	(3,347)	(4,616)
	<u><u>\$ 218,293</u></u>	<u><u>234,002</u></u>	<u><u>460,235</u></u>	<u><u>480,600</u></u>

(iii) As of June 30, 2023, December 31 and June 30, 2022, the inventories had not been pledged as collateral.

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group were as follows:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery and equipment</u>	<u>Office equipment and others</u>	<u>Construction in progress and testing equipment</u>	<u>Total</u>
Cost:						
Balance at January 1, 2023	\$ 321,869	400,300	1,965,728	151,386	1,388	2,840,671
Additions	-	2,126	45,810	13,057	3,162	64,155
Reclassification	-	20	725	320	(1,065)	-
Disposals and derecognitions	-	-	(46,056)	(4,643)	-	(50,699)
Effective of movements in exchange rates	(4,500)	(5,636)	(27,156)	(2,280)	(60)	(39,632)
Balance at June 30, 2023	<u>\$ 317,369</u>	<u>396,810</u>	<u>1,939,051</u>	<u>157,840</u>	<u>3,425</u>	<u>2,814,495</u>
Balance at January 1, 2022	\$ 300,486	370,588	1,752,992	136,821	29,881	2,590,768
Additions	-	208	33,158	1,360	5,584	40,310
Reclassification	-	186	27,248	1,550	(28,984)	-
Disposals and derecognitions	-	-	(14,625)	(721)	-	(15,346)
Effective of movements in exchange rates	4,392	5,412	25,067	1,972	720	37,563
Balance at June 30, 2022	<u>\$ 304,878</u>	<u>376,394</u>	<u>1,823,840</u>	<u>140,982</u>	<u>7,201</u>	<u>2,653,295</u>
Depreciation and impairments loss:						
Balance at January 1, 2023	\$ -	242,068	1,428,434	105,065	-	1,775,567
Depreciation	-	8,643	67,251	4,978	-	80,872
Disposals and derecognitions	-	-	(46,054)	(4,541)	-	(50,595)
Effective of movements in exchange rates	-	(3,548)	(20,036)	(1,476)	-	(25,060)
Balance at June 30, 2023	<u>\$ -</u>	<u>247,163</u>	<u>1,429,595</u>	<u>104,026</u>	<u>-</u>	<u>1,780,784</u>
Balance at January 1, 2022	\$ -	210,286	1,256,686	90,636	-	1,557,608
Depreciation	-	7,947	57,926	4,106	-	69,979
Disposals and derecognitions	-	-	(3,070)	(716)	-	(3,786)
Effective of movements in exchange rates	-	2,977	17,702	1,283	-	21,962
Balance at June 30, 2022	<u>\$ -</u>	<u>221,210</u>	<u>1,329,244</u>	<u>95,309</u>	<u>-</u>	<u>1,645,763</u>
Carrying amounts:						
Balance at January 1, 2023	<u>\$ 321,869</u>	<u>158,232</u>	<u>537,294</u>	<u>46,321</u>	<u>1,388</u>	<u>1,065,104</u>
Balance at June 30, 2023	<u>\$ 317,369</u>	<u>149,647</u>	<u>509,456</u>	<u>53,814</u>	<u>3,425</u>	<u>1,033,711</u>
Balance at January 1, 2022	<u>\$ 300,486</u>	<u>160,302</u>	<u>496,306</u>	<u>46,185</u>	<u>29,881</u>	<u>1,033,160</u>
Balance at June 30, 2022	<u>\$ 304,878</u>	<u>155,184</u>	<u>494,596</u>	<u>45,673</u>	<u>7,201</u>	<u>1,007,532</u>

As of June 30, 2023, December 31 and June 30, 2022, part of the Group's property, plant and equipment had been pledged as collaterals for its credit lines of borrowings, please refer to note (8).

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Intangible assets

The cost and amortization of intangible assets of the Group were as follows:

	<u>Computer equipment</u>
Costs:	
Balance at January 1, 2023	\$ 22,281
Additions	1,061
Effective of movements in exchange rates	<u>(332)</u>
Balance at June 30, 2023	<u>\$ 23,010</u>
Balance at January 1, 2022	\$ 19,593
Additions	1,240
Effective of movements in exchange rates	<u>272</u>
Balance at June 30, 2022	<u>\$ 21,105</u>
Accumulated amortization:	
Balance at January 1, 2023	\$ 18,187
Amortization for the year	1,115
Effective of movements in exchange rates	<u>(276)</u>
Balance at June 30, 2023	<u>\$ 19,026</u>
Balance at January 1, 2022	\$ 14,706
Amortization for the year	1,179
Effective of movements in exchange rates	<u>201</u>
Balance at June 30, 2022	<u>\$ 16,086</u>
Carrying amounts:	
Balance at January 1, 2023	<u>\$ 4,094</u>
Balance at June 30, 2023	<u>\$ 3,984</u>
Balance at January 1, 2022	<u>\$ 4,887</u>
Balance at June 30, 2022	<u>\$ 5,019</u>

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Other current assets and other non-current assets

The other assets of the Group were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Prepayments of equipment	\$ 29,475	7,239	20,189
Restricted assets	8,186	8,128	7,254
Input tax	6,094	7,433	7,943
Tax refund receivables	5,041	6,693	3,183
Supplies inventory	4,937	2,289	1,525
Other receivables	4,843	5,366	4,638
Payment in advance	3,784	3,774	3,197
Advance to employees	3,345	-	-
Others	5,591	3,281	3,934
	\$ 71,296	44,203	51,863
Other current assets	32,983	28,175	23,791
Other non-current assets	38,313	16,028	28,072
	\$ 71,296	44,203	51,863

As of June 30, 2023, December 31 and June 30, 2022, part of the Group's other assets were provided as collaterals for its loans, please refer to note (8).

(i) Short-term borrowings

The short-term borrowings of the Group were as follow:

	June 30, 2023	December 31, 2022	June 30, 2022
Secured bank loans	\$ 26,448	-	-
Unused credit lines	\$ 193,952	223,525	211,725
Range of interest rates	3.90%~7.74%	2.70%~7.10%	2.70%~5.84%

Please refer to note (8) for the information about the Group providing assets as collaterals for its short-term borrowings and credit lines.

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Other payables

	June 30, 2023	December 31, 2022	June 30, 2022
Salaries and bonuses payables	\$ 38,997	16,759	51,471
Equipment payables	4,249	7,132	1,440
Professional service fees payable	1,601	6,497	5,303
Dividends payable	-	-	4,620
Freight payable	3,012	4,911	3,416
Utilities payable	5,320	4,641	4,788
Others	9,125	7,665	9,649
	<u>\$ 62,304</u>	<u>47,605</u>	<u>80,687</u>

(k) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2022 and 2021.

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

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Operating cost and expenses	\$ <u>1,425</u>	<u>1,367</u>	<u>2,857</u>	<u>2,720</u>

(ii) Defined contribution plans

The Group's expenses under the pension plan cost of the Tisco Asset Management Co., Ltd. were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Operating cost and expenses	\$ <u>749</u>	<u>712</u>	<u>1,511</u>	<u>1,433</u>

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Income taxes

- (i) The Company was registered in the Cayman Islands, and was not required to pay the profit-seeking enterprise income tax under local laws and regulations. Among the Group, GT and TT were approved by Thailand Board of Investment to have tax exemption period for main business lines in accordance with the Investment Promotion Act of Thailand. The tax exemption period differs for different products. As June 30, 2023, the Group has a tax exemption period that expires from October 2026 to September 2029. The income tax rate for the rest of the Company is 20% under the tax regulations of Thailand ; Caltech's income for the six months ended June 30, 2023 and 2022 is generated outside of Hong Kong, thus Caltech is not subject to local corporate income tax in Hong Kong under the Hong Kong Corporate Income Tax Law.

(ii) Income tax expenses

The details of income tax expense were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Current tax expense				
Current period	\$ -	-	-	-
Adjustment for prior periods	\$ -	-	846	50
	<u>\$ -</u>	<u>-</u>	<u>846</u>	<u>50</u>

(iii) Assessment of tax

The Company is not required to pay income tax in the country which it is incorporated. In Thailand, where GT and TT operate, the income tax returns of the Group are not required to be approved by the tax authorities, and income taxes paid in prior years have been certified by the tax authorities up to 2022. In Hong Kong, where Caltech operates, the income tax returns have been approved by the tax authorities through 2021.

(m) Capital and other equity

(i) Ordinary shares

The Company was established on January 20, 2020, for the purpose of restructuring the organization, and was incorporated with 1,000 shares, par value of \$10 per share, with a share capital of NTD 10 thousand, and is a 100% subsidiary of Sixxon Precision Machinery Co., Ltd. The Company conducted capital increase by issuing 21,090 thousand and 6,409 thousand shares, respectively, to acquire 100% equity of GT, TT and Caltech, as well as acquired 100% of the original Sixxon Precision Machinery Co., Ltd.'s claims on GT and TT, amounting to \$484,642 thousand, based on resolution approved during the Board meeting held on March 23, 2020. The aforementioned capital increase is at a par value of NTD 10 per share, with the base date set on March 30, 2020. The capital after the capital increase, the number of shares is 27,500 thousand shares, and the capital stock is NTD 275,000 thousand.

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

The balances of capital surplus were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Capital premium	\$ <u><u>1,690,575</u></u>	<u><u>1,690,575</u></u>	<u><u>1,690,575</u></u>

Subject to Cayman Islands Company Law and Company's Articles, the Board of Directors may capitalize any unissued shares by paying up in full unissued shares of the Company from capital reserves, other reserve accounts, profit and loss accounts or other distributable funds, and distributing them to the shareholders in pro rata proportion thereof as stock dividends.

Subject to any direction from the Company in general meeting, the directors may on behalf of the Company exercise all the powers and options conferred by the Cayman Islands Company Law regarding to the capital reserve. Subject to compliance with the Cayman Islands Company Law, the directors may on behalf of the Company set off accumulated losses against credits standing in the capital reserve and make distributions out of the capital reserve.

(iii) Retained earnings and earnings distribution

As the Company continues to grow, the need for capital expenditures, business expansion and a sound financial planning for sustainable development, it is the Company's dividends policy that the dividends may be allocated to the Shareholders in the form of cash dividends and/or bonus shares according to the Company's future expenditure budgets, funding needs and in response to changes in the economic climate and the industry. If the Board of Directors resolves on the distribution of profits, it shall draw up a plan and approve the distribution of profits by an ordinary resolution of the shareholders' meeting. The Board of Directors shall prepare such plan of distribution of profits in the following manner: (a) the Company shall provide for the payment of taxes payable in accordance with the law, (b) and the net profit for the year shall first make up the losses of previous years, if any. Secondly, (c) distribute the legal reserve in accordance with the Applicable Public Company Rules, unless the legal reserve has reached the Company's paid-in capital, and (d) distribute a special reserve in accordance with the Applicable Public Company Rules or at the request of the competent authorities. Unless otherwise provided by law and the Applicable Public Company Rules, current year profits, after deducting the amounts listed in (a) to (d) above and adding the cumulative undistributed retained earnings from prior years, are considered distributable earnings, and the Board of Directors may prepare a distribution plan and submit it to the shareholders' meeting for approval. The distribution of retained earnings may be distributed by way of cash dividends or stock dividends (with shares distributed to shareholders in proportion to the amount of retained earnings transferred to capital). If the Board of Directors resolves to distribute profits, the total amount of shareholders' dividends shall be at least 30% of the current year profits after deducting items (a) to (c) above, of which the total amount of cash dividends paid shall not be less than 50% of the total amount of shareholders' dividends.

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
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The amount of cash dividends on the appropriations of earnings for 2022 and 2021 had been approved during the shareholders' meeting on June 20, 2023 and May 12, 2022, respectively. The relevant dividend distributions to shareholders were as follow:

	2022		2021	
	Amount per share	Total Amount	Amount per share	Total Amount
Dividends distributed to ordinary shareholders:				
Cash dividends	\$ 5.50	<u>\$ 151,250</u>	6.30	<u>173,250</u>

(n) Earnings per share

The calculation of basic and diluted earnings per share were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	<u>\$ 47,882</u>	<u>75,050</u>	<u>75,820</u>	<u>148,400</u>
Weighted-average number of outstanding ordinary shares (thousands)	<u>27,500</u>	<u>27,500</u>	<u>27,500</u>	<u>27,500</u>
Basic earnings per share (dollars)	<u>\$ 1.74</u>	<u>2.73</u>	<u>2.76</u>	<u>5.40</u>
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company	<u>\$ 47,882</u>	<u>75,050</u>	<u>75,820</u>	<u>148,400</u>
Weighted-average number of outstanding ordinary shares (thousands)	27,500	27,500	27,500	27,500
Effect of employee share bonuses (thousands)	<u>19</u>	<u>57</u>	<u>53</u>	<u>112</u>
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (thousands)	<u>27,519</u>	<u>27,557</u>	<u>27,553</u>	<u>27,612</u>
Diluted earnings per share (dollars)	<u>\$ 1.74</u>	<u>2.72</u>	<u>2.75</u>	<u>5.37</u>

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Revenue from contracts with customers

(i) Details of revenue

	For the three months ended June 30, 2023		For the six months ended June 30, 2022	
	2023	2022	2023	2022
Primary geographical markets:				
Asia	\$ 156,107	185,494	335,320	385,027
Europe	89,935	71,400	176,266	152,997
North America	31,420	53,977	65,963	94,886
	<u>\$ 277,462</u>	<u>310,871</u>	<u>577,549</u>	<u>632,910</u>
Major products:				
Automotive	\$ 164,336	176,421	349,332	373,665
Industry	91,145	109,327	175,335	201,872
3 C	12,435	17,251	34,117	41,060
Medical	9,546	7,872	18,765	16,313
	<u>\$ 277,462</u>	<u>310,871</u>	<u>577,549</u>	<u>632,910</u>
	June 30, 2023	December 31, 2022	June 30, 2022	
Accounts receivable	\$ 284,162	293,457	306,481	
Less: allowance for impairment	(2,772)	(12)	(391)	
Total	<u>\$ 281,390</u>	<u>293,445</u>	<u>306,090</u>	

For details on accounts receivable and allowance for impairment, please refer to note 6(d).

(p) Remuneration to employees and directors

The Company should distribute no less than 2% of its net profit before employees' and directors' remuneration as employees' remuneration and no more than 2% of its net profit before employees' and directors' remuneration as directors' remuneration if the Company is profitable for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The remuneration to employees may be distributed in cash or in stocks, which may be distributed under an incentive program approved pursuant to the Company's Articles. The employees may include certain employees of the subsidiaries who meet the conditions prescribed by the Company.

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months and six months ended June 30, 2023 and 2022, the Company estimated its employee remuneration amounting at \$987, \$2,188, \$1,562 and \$4,327, respectively, and directors' remuneration amounting at \$196, \$938, \$311 and \$1,855, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remunerations to employees and directors of each period, multiplied by the percentage of remuneration of employees and directors, as specified in Company's Articles. These remunerations were expensed under operating expenses. If there are any subsequent adjustments to the actual remuneration amounts, the adjustments will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the years ended December 31, 2022 and 2021, the remunerations to employees amounted to \$6,043 and \$8,796, and to directors amounted to \$1,203 and \$3,770, respectively. The aforementioned estimated amounts are identical to those of the actual distributions. The related information is available on the Observation Post System website.

(q) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(q) of the consolidated financial statements for the year ended December 31, 2022.

(i) Types of Financial instruments

Financial assets

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Financial assets at fair value through profit or loss	\$ 3,083	863	10,792
Financial assets measured at amortized cost:			
Cash and cash equivalents	680,322	750,362	707,257
Accounts receivable, net	281,390	293,445	306,090
Interest receivable	2,751	3,251	100
Other receivable	2,092	2,115	4,538
Time deposits with original maturities of more than three months	93,420	92,130	-
Restricted deposits (recognized as other non-current assets)	8,186	8,128	7,254
Refundable deposits (recognized as other non-current assets)	652	661	629
	<u>\$ 1,071,896</u>	<u>1,150,955</u>	<u>1,036,660</u>

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
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Financial liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Financial liabilities at fair value through profit or loss	\$ -	7,986	-
Financial liabilities measured at amortized cost:			
Short-term borrowings	26,448	-	-
Accounts payable	46,740	67,212	70,392
Others payable	62,304	47,605	80,687
	<u><u>\$ 135,492</u></u>	<u><u>122,803</u></u>	<u><u>151,079</u></u>

(ii) Credit risk

1) exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The Group caters to wide variety of automotive, industrial, 3C and medical customers instead of concentrating on specific customers; therefore, the Group has not suffered any significant credit loss. In order to reducing the credit risk of accounts receivables, the Group continuously evaluates the financial positions of these clients and regularly reviews the recoverable amount of receivables to ensure the uncollectible amount are recognized appropriately as impairment loss, and the total amount of impairment loss was within management expectations.

(iii) Liquidity risk

The following were the contractual maturities and the amount to be repaid in the future of financial liabilities, including estimated interest payments.

	Carrying Amount	Contractual cash flows	Within a year	1~2 years	Over 2 years
June 30, 2023					
Non-derivative financial liabilities					
Short-term borrowings	\$ 26,448	(26,462)	(26,462)	-	-
Accounts payable	46,740	(46,740)	(46,740)	-	-
Other payable	62,304	(62,304)	(62,304)	-	-
	<u><u>\$ 135,492</u></u>	<u><u>(135,506)</u></u>	<u><u>(135,506)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1~2 years</u>	<u>Over 2 years</u>
December 31, 2022					
Non-derivative financial liabilities					
Accounts payable	\$ 67,212	(67,212)	(67,212)	-	-
Other payable	47,605	(47,605)	(47,605)	-	-
Derivatives instrument not used for hedging:					
Forward exchange contracts:	7,986				
Outflow	-	(177,233)	(177,233)	-	-
Inflow	-	169,247	169,247	-	-
	<u><u>\$ 122,803</u></u>	<u><u>(122,803)</u></u>	<u><u>(122,803)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
June 30, 2022					
Non-derivative financial liabilities					
Accounts payable	\$ 70,392	(70,392)	(70,392)	-	-
Other payable	80,687	(80,687)	(80,687)	-	-
	<u><u>\$ 151,079</u></u>	<u><u>(151,079)</u></u>	<u><u>(151,079)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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

(iv) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposures to foreign currency risk were as follows:

(In thousands)

	<u>June 30, 2023</u>			<u>December 31, 2022</u>			<u>June 30, 2022</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	1,666	USD/THB =35.3221	51,879	2,496	USD/THB =34.3474	76,652	2,764	USD/THB =35.0927	82,146
EUR	7,384	EUR/THB =38.3507	249,653	4,583	EUR/THB =36.5955	149,956	5,810	EUR/THB =36.6631	180,401
USD	20,746	USD/TWD =31.1400	646,030	25,476	USD/TWD =30.71	782,368	27,076	USD/TWD =29.72	804,699
<u>Financial liabilities</u>									
USD	7,264	USD/THB =35.3221	226,201	8,286	USD/THB =34.3474	254,463	15,426	USD/THB =35.0927	458,699
EUR	34	EUR/THB =38.3507	1,150	291	EUR/THB =36.5955	9,522	139	EUR/THB =36.6631	4,316
JPY	42,299	JPY/THB =0.2439	9,094	49,413	JPY/THB =0.2599	11,484	69,166	JPY/THB =0.2576	15,092

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
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2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivables (including related parties), other receivables, financial assets measured at amortized cost, accounts and other payables that are denominated in foreign currency. An appreciation (depreciation) of 5% of each major foreign currency against Group entities' functional currency as of June 30, 2023 and 2022, would have influenced the net profit before tax as follows.

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
USD (against the THB)		
Appreciation 5%	\$ (8,716)	(18,828)
Depreciation 5%	8,716	18,828
USD (against the TWD)		
Appreciation 5%	32,302	40,235
Depreciation 5%	(32,302)	(40,235)
EUR (against the THB)		
Appreciation 5%	12,425	8,804
Depreciation 5%	(12,425)	(8,804)
JPY (against the THB)		
Appreciation 5%	(455)	(755)
Depreciation 5%	455	755

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. Foreign exchange gains (losses) (including realized and unrealized portions) for the three and six months ended June 30, 2023 and 2022 were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Net Foreign exchange gains	\$ <u>17,827</u>	<u>15,398</u>	<u>18,805</u>	<u>49,875</u>

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Interest rate analysis

The exposure to interest rate risk for financial assets and liabilities refers to the management of liquidity risk in this note.

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding the liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, the net profit before tax would have increased or decreased by \$1,069 and \$898, respectively, for the six months ended June 30, 2023 and 2022, which would mainly resulted from checking accounts and demand deposits with variable interest rates.

(vi) Fair value of financial instruments

1) Financial instruments measured at fair value

Except as described in the following paragraphs, carry amount of cash and cash equivalents, financial assets measured at amortized cost, account and other receivables, restricted assets, refundable deposits, accounts payables and other financial liabilities are reasonably close to the fair value.

		June 30, 2023			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss:					
Derivative financial assets- forward exchange contracts	\$ <u>3,083</u>	-	3,083	-	3,083

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
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December 31, 2022				
Book value	Fair value			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value through profit and loss:				
Derivative financial assets- forward exchange contracts	\$ <u>863</u>	-	863	-
				863
Financial liabilities at fair value through profit and loss:				
Derivative financial liabilities- forward exchange contracts	\$ <u>7,986</u>	-	7,986	-
				7,986
June 30, 2022				
Book value	Fair value			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value through profit and loss:				
Derivative financial assets- forward exchange contracts	\$ <u>10,792</u>	-	10,792	-
				10,792

2) Valuation techniques for financial instruments measured at fair value

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by market participants. Fair value of forward exchange contracts is usually determined by the forward currency exchange rate.

3) Transfer between level 1 and level 2

There were no transfers between fair value level for the six months ended June 30, 2023 and 2022.

(r) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(r) of the consolidated financial statements for the year ended December 31, 2022.

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
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(s) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2022. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2022. Please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2022 for further details.

(t) Investing and financial activities not affecting the current cash flow

The Group has no investing and financing activities which did not affect the current cash flow in the six months ended June 30, 2023 and 2022.

(7) Related-party transactions

(a) Parent company and ultimate controlling party

Sixxon Tech. Co., Ltd. is the ultimate parent company.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Global PMX Co., Ltd	Other related parties
Global PMX Co., Ltd (Zhejiang)	"
Digital Orthopaedic Solutions Co., Ltd.	"

(c) Significant transactions with related parties

(i) Operating revenue

The amount of significant sales by the Group to related parties were as follows:

	Sales			
	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Other related parties	\$ -	761	-	2,001

There were no significant differences in sales prices between the related parties and other customers. The collection period for related parties was within 90 days after monthly closing, it is similar to those of the third party customers.

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Purchasing and obtaining services from related parties

The amount of significant purchases and obtaining services by the Group from related parties were as follows:

	Purchase			
	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Other related parties	\$ <u>-</u>	<u>98</u>	<u>-</u>	<u>124</u>

There were no significant differences in purchase prices between the related parties and other suppliers. The payment period for related parties was within 30 to 60 days after monthly closing, it is similar to those of the third-party suppliers.

(iii) Receivables from Related Parties

The receivables from related parties incurred by above sales were as follows:

Account	Relationship	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable	Other related parties	\$ <u>3,065</u>	<u>3,109</u>	<u>2,204</u>

Accounts receivable from related parties are uncollateralized and recognize impairment loss (bad debt expense) after evaluation.

(iv) Payables to Related Parties

The payables to related parties incurred by above purchases were as follows:

Account	Relationship	June 30, 2023	December 31, 2022	June 30, 2022
Accounts payable	Other related parties	\$ <u>-</u>	<u>-</u>	<u>96</u>

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ <u>7,320</u>	<u>7,527</u>	<u>13,683</u>	<u>14,856</u>

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	June 30, 2023	December 31, 2022	June 30, 2022
Property, plant and equipment	Bank borrowings	\$ 353,725	361,964	345,960
Restricted deposits (recognized as other non-current assets)	Guarantee	8,186	8,128	7,254
		<u>\$ 361,911</u>	<u>370,092</u>	<u>353,214</u>

(9) Commitments and contingencies:

- (a) In 2013, the Thai Customs Department requested the Group to pay the back tax evasion for certain imported products, and the Group had estimated the maximum possible payment amounting to \$32,399 (THB 35,604) based on the attorney's letter, and recorded the amount under other payables. In 2017, the Thai Customs Department issued a letter to the Group said that the Group should pay \$21,092 (THB 23,389) for customs duties, and the Group had fully paid the payment in 2017. Additionally, the Group applied to Customs Appeal Committee for an administrative remedy requesting the Customs Department to refund the fine \$26,925 (THB 28,714) and the interest on June 13, 2018. The Customs Appeal Committee rejected the appeal and upheld the assessment of Customs Department. The Group reversed the estimated outstanding balance of \$12,225 (THB 12,215) in the fourth quarter of 2019 and recorded the amount under other income.

The Group filed two administrative lawsuits against the Customs Department to the Central Tax Court, requesting the Court to rule the Customs Office to refund the disputed duty with accrued interest on December 6, 2019 (1st Lawsuit) and June 26, 2020 (2nd Lawsuit), respectively.

On November 3, 2020, the Court adjudged on the 1st Lawsuit that the Customs Department should refund the import duty and interest at 7.5% per annum amounting to THB 34,546. The Customs Department disagreed with the decision made by the Central Tax Court, hence, filed an appeal to the Appeal Court. On December 20, 2021, the Appeal Court overruled and revised judgments of the Central Tax Court for the 1st Lawsuit, judgment was given against the Group. On March 27, 2023, the Supreme Court granted a permission to allow the Group to launch the appeal to the Supreme Court, and currently this case is still pending before the Supreme Court.

Besides, the Central Tax Court adjudged on the 2nd Lawsuit that the Customs Department should refund the import duty and interest at 7.5% per annum amounting to THB 222 on January 18, 2021. However, the Customs Department launched appeals against those judgments to the Appeal Court. On April 11, 2022, the Court read the results of its January 28, 2022, judgment, according to the newly amended Customs Law, the customs assessment in 2nd Lawsuit was not legitimate, therefore the Group is a winning party. The lawyer of the Group has submitted the judgment of the 2nd Lawsuit to the Supreme Court as the evidence in the 1st Lawsuit; however, the Customs Department subsequently launched a petition to the Supreme Court for the 2nd Lawsuit, and the case is not yet finalized.

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of the end of the financial reporting date, the case is still pending, and the final outcome is yet to be confirmed. According to the opinion of the lawyer appointed by the Group, even if the judgment of the lawsuit is not favorable to the Group, the Group is not required to pay additional duty or related expenses.

- (b) The Group's unrecognized commitments at the balance sheet date were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Purchase of property, plant and equipment	\$ <u><u>14,988</u></u>	<u><u>30,791</u></u>	<u><u>18,981</u></u>

(10) Losses Due to Major Disasters: None

(11) Subsequent Events:

On April 28, 2023, the Board of Directors of the Company passed a resolution to issue 3,500 thousand new shares with a par value of \$10 per share in conjunction with a cash capital increase prior to the initial listing of the Company's shares. 2,479 thousand shares of the new shares were auctioned by bidding with a weighted-average strike price of \$111.68, and 1,021 thousand shares of the new shares were publicly traded at a price of \$66 per share, amounting to \$344,239 thousand with the base date set on July 27, 2023. As of August 28, 2023, all of the new shares issued under the capital increase had been received in full.

(12) Other:

- (a) A summary of current period employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	For the three months ended June 30, 2023			For the three months ended June 30, 2022		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		60,170	22,218	82,388	58,882	22,249	81,131
Labor and health insurance		2,189	290	2,479	1,444	212	1,656
Pension		1,221	953	2,174	1,156	923	2,079
Others		4,109	333	4,442	5,772	443	6,215
Depreciation		38,511	2,498	41,009	35,555	258	35,813
Amortization		526	26	552	555	49	604

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By item	By function	For the six months ended June 30, 2023			For the six months ended June 30, 2022		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		114,271	41,098	155,369	117,654	44,817	162,471
Labor and health insurance		4,434	546	4,980	3,538	477	4,015
Pension		2,453	1,915	4,368	2,314	1,839	4,153
Others		8,739	682	9,421	9,814	757	10,571
Depreciation		76,167	4,705	80,872	69,512	467	69,979
Amortization		1,064	51	1,115	1,081	98	1,179

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2023:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
													Item	Value			
0	The Company	GT	Other receivables	Yes	369,000 (USD12,000)	311,400 (USD10,000)	186,840 (USD6,000)	0%	Short-term financing	-	Operating demand	-	-	-	891,887	891,887	Note 3
0	"	TT	Other receivables	Yes	31,140 (USD1,000)	31,140 (USD1,000)	31,140 (USD1,000)	0%	"	-	"	-	-	-	891,887	891,887	"

Note 1: Companies which have business transactions with the Company, the loan amount should be the same as the latest year transaction amount, and subject to the limitation of 40% of the Company's net worth; for companies which have a need for short-term financing, lending cannot exceed 40% of each entity's net worth. For subsidiaries or companies whose 100% of the voting shares are directly or indirectly owned by the Company, the total amount of lending cannot exceed 100% of the Company's net worth, the individual amount cannot exceed 100% of the Company's amount.

Note 2: The accordance of the exchange rate is based on the end of the reporting date.

Note 3: The aforementioned transactions had been written-off upon the preparation of the consolidated financial statements.

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of June 30, 2023 (excluding investment in subsidiaries, associates and joint ventures): None

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

(v) Acquisition of individual real estate with amount exceeding the lower of NTD 300 million or 20% of the capital stock: None

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (vi) Disposal of individual real estate with amount exceeding the lower of NTD 300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NTD 100 million or 20% of the capital stock: None
- (viii) Receivables from related parties with amounts exceeding the lower of NTD 100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance (Note 3)	Turnover rate	Overdue		Amounts received in subsequent period (Note 3 and 4)	Allowance for bad debts	Note
					Amount	Action taken			
The Company	GT	Subsidiary	186,840	Note 1	-	-	186,840	-	Note 2
GT	Caltech	Other related party	(USD6,000) 61,254 (EUR1,812)	2.14	15,081	Recovered after the financial reporting date	21,695	-	"

Note 1: Other receivables arising on loans are not applicable.

Note 2: The aforementioned transactions had been written-off upon the preparation of the consolidated financial statements.

Note 3: The accordance of the exchange rate is based on the end of the reporting date.

Note 4: Information as of August 28, 2023.

- (ix) Trading in derivative instruments: Please refer to notes 6(b)
- (x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Nature of Relationship (Note 2)	Intercompany transactions			
				Account name (Note 4)	Amount (Note 5)	Terms	Percentage of the consolidated revenue or total assets (Note 3)
0	The Company	GT	1	Other Receivables-Related Party (Note 6)	186,840	Interest rate 0%	7.59%
1	GT	Caltech	2	Operating Revenue	54,432	The credit period is net 150 days.	9.42%
1	"	"	3	Accounts Receivable	61,254	"	2.49%

Note 1: Companies are numbered as follows:

Parent company—0

Subsidiary—starting from 1

Note 2: The relationships between transaction parties are numbered as follows:

Parent company and subsidiary—1

Subsidiary and parent company—2

Subsidiary and subsidiary—3

Note 3: Regarding the ratio of the transaction amount to the consolidated total operating income or total assets, it is calculated by the ending balance to the consolidated if it is recognized as liabilities; if as profit or loss, then by the ending cumulative amount to the consolidated total operating income.

Note 4: The section only disclosed the information of sales and trade receivables of inter-company transactions, as well as the purchases and trade payables.

Note 5: Assets and liabilities items are translated into New Taiwan dollars at the exchange rates at the ending date of the reporting period; income and expense items are translated at the average exchange rates for the period.

Note 6: Arising on loans.

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2023			Net income (losses) of investee (Note 2)	Shares of profits/ losses of investee (Note 2)	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
The Company	GT	Thailand	Design, manufacture, processing and sale of automotive, industrial, 3C and medical related components	1,226,020	1,226,020	39,000,000	100 %	1,246,344	85,575	84,084	Note 1
The Company	TT	Thailand	Design, manufacture, processing and sale of automotive, industrial and 3C related components	358,802	358,802	12,730,000	100 %	213,620	(25,937)	(25,937)	"
The Company	Caltech	Hong Kong	Sale of automotive related components	90,227	90,227	25	100 %	104,879	2,196	2,196	"

Note 2: The aforementioned transactions had been written-off upon the preparation of the consolidated financial statements.

Note 3: The amounts in foreign currencies were translated into New Taiwan dollars at the average exchange rates for the reporting period.

(c) Information on investment in mainland China: None

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Sixxon Precision Machinery Co., Ltd. (BVI)		11,430,841	41.57 %
Bonus First Limited		1,388,200	5.05 %

(14) Segment information:

The Group has one reportable segment, mainly engaged in the design, production and sale of automotive, industrial, 3C and medical related components. Please refer to the balance sheet and statement of comprehensive income for details of departmental profit and loss, departmental assets, and departmental liability in line with the financial statements.