

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2024 and 2023**

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

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Sixxon Tech. Co., Ltd. and its subsidiaries as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Sixxon Tech. Co., Ltd. and its subsidiaries as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.



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

KPMG

Taipei, Taiwan (Republic of China)

May 14, 2024

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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' review 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****March 31, 2024, December 31, 2023, and March 31, 2023****(Expressed in Thousands of New Taiwan Dollars)**

Assets		March 31, 2024		December 31, 2023		March 31, 2023		Liabilities and Equity		March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note (6)(a))	\$ 1,010,254	35	968,155	34	757,326	30	2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	-	-	2,995	-	141	-
1110	Current financial assets at fair value through profit or loss (note (6)(b))	1,506	-	-	-	1,912	-	2170	Accounts payable	61,172	2	48,283	2	53,911	2
1136	Current financial assets at amortized cost (note (6)(c))	224,000	8	184,230	7	91,350	4	2200	Other payables (note (6)(k))	58,936	2	45,936	1	61,915	2
1170	Accounts receivable, net (including related parties) (notes (6)(d)and (7))	373,690	13	330,130	12	283,457	11	2216	Dividends payable	139,500	5	-	-	-	-
1310	Inventories, net (note (6)(e))	224,344	8	237,449	8	292,739	11	2230	Current income tax liabilities	-	-	198	-	-	-
1470	Other current assets (note (6)(i))	38,103	1	30,756	2	37,691	1	2280	Current lease liabilities (note (6)(l))	668	-	662	-	-	-
		<u>1,871,897</u>	<u>65</u>	<u>1,750,720</u>	<u>63</u>	<u>1,464,475</u>	<u>57</u>	2300	Other current liabilities	5,724	-	3,404	-	4,253	-
										<u>266,000</u>	<u>9</u>	<u>101,478</u>	<u>3</u>	<u>120,220</u>	<u>4</u>
Non-current assets:								Non-Current liabilities:							
1600	Property, plant and equipment (notes (6)(f)and (8))	1,016,102	35	1,050,380	37	1,081,478	42	2580	Non-current lease liabilities (note (6)(l))	402	-	572	-	-	-
1755	Right-of-use assets (note (6)(g))	1,163	-	1,346	-	-	-	2600	Provisions for employee benefits, non-current	99,628	4	101,007	4	94,074	4
1780	Intangible assets (note (6)(h))	2,814	-	3,308	-	4,567	-		Total liabilities	<u>366,030</u>	<u>13</u>	<u>203,057</u>	<u>7</u>	<u>214,294</u>	<u>8</u>
1900	Other non-current assets (notes (6)(i)and (8))	13,858	-	12,658	-	20,729	1	Equity (notes (6)(o)and (p)):							
		<u>1,033,937</u>	<u>35</u>	<u>1,067,692</u>	<u>37</u>	<u>1,106,774</u>	<u>43</u>	Equity attributable to owners of parent :							
								3100	Share capital	310,000	11	310,000	11	275,000	11
								3200	Capital surplus	1,946,655	67	1,993,155	71	1,690,575	66
								3310	Legal reserve	71,053	2	71,053	3	41,255	2
								3320	Special reserve	97,483	3	97,483	3	-	-
								3350	Unappropriated retained earnings	223,618	8	224,751	8	441,458	17
								3400	Other equity	(110,805)	(4)	(81,087)	(3)	(91,333)	(4)
									Total equity attributable to owners of parent :	<u>2,538,004</u>	<u>87</u>	<u>2,615,355</u>	<u>93</u>	<u>2,356,955</u>	<u>92</u>
								3600	Non-controlling interests	1,800	-	-	-	-	-
									Total equity	<u>2,539,804</u>	<u>87</u>	<u>2,615,355</u>	<u>93</u>	<u>2,356,955</u>	<u>92</u>
Total assets		<u>\$ 2,905,834</u>	<u>100</u>	<u>2,818,412</u>	<u>100</u>	<u>2,571,249</u>	<u>100</u>	Total liabilities and equity		<u>\$ 2,905,834</u>	<u>100</u>	<u>2,818,412</u>	<u>100</u>	<u>2,571,249</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 ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		For the three months ended March 31			
		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue, net (notes (6)(r))	\$ 350,345	100	300,087	100
5000	Operating costs (notes (6)(e), (6)(m) and (12))	<u>271,664</u>	<u>78</u>	<u>241,942</u>	<u>81</u>
	Gross profit from operations	<u>78,681</u>	<u>22</u>	<u>58,145</u>	<u>19</u>
	Operating expenses (notes(6)(m),(6)(s), (7)and(12)):				
6100	Selling expenses	16,244	5	10,749	3
6200	Administrative expenses	19,142	5	15,113	5
6300	Research and development expenses	13,419	4	11,280	4
6450	Expected credit losses (note (6)(d))	<u>147</u>	<u>-</u>	<u>55</u>	<u>-</u>
	Total operating expenses	<u>48,952</u>	<u>14</u>	<u>37,197</u>	<u>12</u>
6900	Operating Income	<u>29,729</u>	<u>8</u>	<u>20,948</u>	<u>7</u>
	Non-operating income and expenses:				
7100	Interest income	11,888	3	6,020	2
7190	Other income	-	-	367	-
7210	Gains on disposals of property, plant and equipment, net	19	-	1,447	-
7230	Foreign exchange gains, net (note (6)(t))	45,027	13	978	-
7235	Gains (losses) on financial assets (liabilities) at fair value through profit or loss	5,212	2	(803)	-
7510	Interest expense (note(6)(l))	(11)	-	-	-
7590	Miscellaneous disbursements	<u>-</u>	<u>-</u>	<u>(173)</u>	<u>-</u>
		<u>62,135</u>	<u>18</u>	<u>7,836</u>	<u>2</u>
7900	Income before income tax	91,864	26	28,784	9
7950	Less: Income tax expenses (note (6)(n))	<u>-</u>	<u>-</u>	<u>846</u>	<u>-</u>
	Net income	<u>91,864</u>	<u>26</u>	<u>27,938</u>	<u>9</u>
8300	Other comprehensive income:				
8360	Items that may be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	<u>(29,718)</u>	<u>(8)</u>	<u>6,150</u>	<u>2</u>
8300	Other comprehensive income, net	<u>(29,718)</u>	<u>(8)</u>	<u>6,150</u>	<u>2</u>
8500	Total comprehensive income	<u>\$ 62,146</u>	<u>18</u>	<u>34,088</u>	<u>11</u>
	Profit, attributable to:				
	Profit, attributable to owners of parent	\$ 91,867	26	27,938	9
	Profit, attributable to non-controlling interests	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Net income	<u>\$ 91,864</u>	<u>26</u>	<u>27,938</u>	<u>9</u>
	Comprehensive income attributable to:				
	Comprehensive income, attributable to owners of parent	\$ 62,149	18	34,088	11
	Comprehensive income, attributable to non-controlling interests	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 62,146</u>	<u>18</u>	<u>34,088</u>	<u>11</u>
	Earnings per share (note (6)(q)):				
9750	Basic earnings per share (NT dollars)	<u>\$ 2.96</u>		<u>1.02</u>	
9850	Diluted earnings per share (NT dollars)	<u>\$ 2.96</u>		<u>1.01</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 three months ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Capital surplus	Retained earnings			Other equity Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings				
Balance at January 1, 2023	\$ 275,000	1,690,575	41,255	-	413,520	(97,483)	2,322,867	-	2,322,867
Net income for the three months ended March 31,2023	-	-	-	-	27,938	-	27,938	-	27,938
Other comprehensive income for the three months ended March 31,2023	-	-	-	-	-	6,150	6,150	-	6,150
Comprehensive income for the three months ended March 31,2023	-	-	-	-	27,938	6,150	34,088	-	34,088
Balance at March 31, 2023	<u>\$ 275,000</u>	<u>1,690,575</u>	<u>41,255</u>	<u>-</u>	<u>441,458</u>	<u>(91,333)</u>	<u>2,356,955</u>	<u>-</u>	<u>2,356,955</u>
Balance at January 1,2024	\$ 310,000	1,993,155	71,053	97,483	224,751	(81,087)	2,615,355	-	2,615,355
Appropriation and distribution of retained earnings:									
Cash dividends of ordinary share	-	-	-	-	(93,000)	-	(93,000)	-	(93,000)
Cash dividends distributed from additional paid-in capital	-	(46,500)	-	-	-	-	(46,500)	-	(46,500)
Net income for the three months ended March 31,2024	-	-	-	-	91,867	-	91,867	(3)	91,864
Other comprehensive income for the three months ended March 31,2024	-	-	-	-	-	(29,718)	(29,718)	-	(29,718)
Comprehensive income for the three months ended March 31,2024	-	-	-	-	91,867	(29,718)	62,149	(3)	62,146
Changes in non-controlling interests	-	-	-	-	-	-	-	1,803	1,803
Balance at March 31, 2024	<u>\$ 310,000</u>	<u>1,946,655</u>	<u>71,053</u>	<u>97,483</u>	<u>223,618</u>	<u>(110,805)</u>	<u>2,538,004</u>	<u>1,800</u>	<u>2,539,804</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 Cash Flows****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	For the three months ended March 31	
	2024	2023
Cash flows from operating activities:		
Income before income tax	\$ 91,864	28,784
Adjustments:		
Depreciation expense	44,182	39,863
Amortization expense	445	563
Expected credit loss	147	55
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(5,212)	803
Interest expense	11	-
Interest income	(11,888)	(6,020)
Gain on disposal of property, plant and equipment	(19)	(1,447)
Total adjustments to reconcile profit	<u>27,666</u>	<u>33,817</u>
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets or liabilities at fair value through profit or loss	711	(9,697)
(Increase) decrease in accounts receivable (including related parties)	(43,643)	9,933
Decrease in inventories	13,105	1,581
Increase in other current assets	(4,141)	(8,471)
Increase (decrease) in accounts payable	12,889	(13,301)
Increase in accrued expense and other payable	7,718	10,173
Increase (decrease) in other current liabilities	2,320	(1,940)
(Decrease) increase in provisions for employee benefits	(1,379)	1,756
Total adjustments	<u>15,246</u>	<u>23,851</u>
Cash inflow generated from operations	107,110	52,635
Interest received	8,682	4,977
Interest paid	(11)	-
Income taxes paid	(198)	(1,188)
Net cash flows from operating activities	<u>115,583</u>	<u>56,424</u>
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	(31,185)	-
Acquisition of property, plant and equipment	(25,052)	(48,657)
Proceeds from disposal of property, plant and equipment	61	1,765
Acquisition of intangible assets	(15)	(1,023)
(Increase) decrease in other non-current assets	(208)	43
Increase in prepayments for business facilities	(992)	(4,744)
Net cash flows used in investing activities	<u>(57,391)</u>	<u>(52,616)</u>
Cash flows from financing activities:		
Payment of lease liabilities	(164)	-
Change in non-controlling interests	1,803	-
Net cash flows from financing activities	<u>1,639</u>	<u>-</u>
Effect of exchange rate changes on cash and cash equivalents	(17,732)	3,156
Net increase in cash and cash equivalents	42,099	6,964
Cash and cash equivalents at beginning of period	<u>968,155</u>	<u>750,362</u>
Cash and cash equivalents at end of period	<u>\$ 1,010,254</u>	<u>757,326</u>

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

March 31, 2024 and 2023

(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 May 14, 2024.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

(Continued)

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

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

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

(Continued)

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material 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 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 material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(b) Basis of consolidation

List of the subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Percentage of Ownership			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	GT	Design, manufacture, processing and sale of automotive, industrial, 3C and medical related components.	100 %	100 %	100 %	
//	TT	Design, manufacture, processing and sale of automotive, industrial and 3C related components.	100 %	100 %	100 %	
//	Caltech	Sale of automotive related components.	100 %	100 %	100 %	
GT	Align	Sale of medical related equipments and components.	49 %	- %	- %	Note 1

Note 1: This subsidiary is a new investment by GT in March 2024. The Group simultaneously controls its operating and financial activities, and assessed that it has substantial control, thus it is included in the consolidated financial statements as a subsidiary.

(Continued)

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

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(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.

(Continued)

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

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

The preparation of the consolidated interim financial statements in conformity with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are 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, 2023. For related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2023.

(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 2023 consolidated financial statements. Please refer to note (6) of the 2023 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 27	27	27
Checking accounts and demand deposits	400,340	485,223	341,050
Time deposits	609,887	482,905	416,249
	<u>\$ 1,010,254</u>	<u>968,155</u>	<u>757,326</u>

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

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

(i) The details as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets mandatorily measured at fair value through profit or loss:			
Derivatives instrument not used for hedging			
Forward exchange contracts	<u>\$ 1,506</u>	<u>-</u>	<u>1,912</u>

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Financial liabilities mandatorily measured at fair value through profit or loss:			
Derivatives instrument not used for hedging			
Forward exchange contracts	\$ <u>-</u>	<u>2,995</u>	<u>141</u>

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:

March 31, 2024			
	<u>Contract amount (in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>
Financial Assets:			
Forward exchange sold	USD <u>2,500</u>	USD to THB	2024.6.7
December 31, 2023			
	<u>Contract amount (in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>
Financial Liabilities:			
Forward exchange purchased	USD <u>2,500</u>	USD to THB	2024.3.13
March 31, 2023			
	<u>Contract amount (in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>
Financial Assets:			
Forward exchange purchased	USD <u>2,500</u>	USD to THB	2023.5.12
Financial Liabilities:			
Forward exchange purchased	EUR <u>1,000</u>	EUR to THB	2023.6.26

As of March 31, 2024, December 31 and March 31, 2023, 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(t).

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
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(c) Financial assets measured at amortized cost

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current			
Time deposits with original maturities of more than three months	\$ <u>224,000</u>	<u>184,230</u>	<u>91,350</u>

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

(ii) As of March 31, 2024 and December 31, and March 31, 2023, the financial assets measured at amortized cost had not been pledged as collateral.

(d) Accounts receivable (including related parties)

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Accounts receivable (including related parties) –measured as amortized cost	\$ 377,058	333,415	283,524
Less: Loss allowance	<u>(3,368)</u>	<u>(3,285)</u>	<u>(67)</u>
	<u>\$ 373,690</u>	<u>330,130</u>	<u>283,457</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:

	<u>March 31, 2024</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance</u>
0 to 60 days past due	\$ 358,658	-%	-
61 to 90 days past due	14,877	0.99%	148
91 to 120 days past due	119	10.08%	12
121 to 150 days past due	186	15.05%	28
151 to 180 days past due	48	20.83%	10
More than 181 days past due	<u>3,170</u>	100.00%	<u>3,170</u>
	<u>\$ 377,058</u>		<u>3,368</u>

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
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	December 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
0 to 60 days past due	\$ 327,166	-%	-
61 to 90 days past due	2,766	1.05%	29
91 to 120 days past due	166	10.24%	17
121 to 150 days past due	92	15.22%	14
Overdue over 181 days	3,225	100.00%	3,225
	\$ 333,415		3,285
		March 31, 2023	
	Gross carrying amount	Weighted- average loss rate	Loss allowance
0 to 60 days past due	\$ 280,243	-%	-
61 to 90 days past due	601	0.33%	2
91 to 120 days past due	2,364	-%	-
121-150 days past due	24	-%	-
151-180 days past due	201	-%	-
More than 181 days past due	91	71.43%	65
	\$ 283,524		67

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

	For the three months ended March 31,	
	2024	2023
Balance at January 1	\$ 3,285	12
Impairment losses recognized	147	55
Effect of movements in exchange rates	(64)	-
Balance at March 31	\$ 3,368	67

As of March 31, 2024, December 31 and March 31, 2023, the accounts receivable had not been pledged as collateral.

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
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(e) Inventories

(i) The details of inventories were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 77,291	73,683	99,939
Semi-finished goods and work in progress	43,547	47,051	45,977
Finished goods	103,506	116,715	146,823
	\$ 224,344	237,449	292,739

(ii) The details of the cost of sales for the three months ended March 31, 2024 and 2023 were as follows:

	For the three months ended March 31,	
	2024	2023
Cost of sales and expense	271,919	230,774
Provision (reversal) for inventory valuation loss and obsolescence	(3,406)	7,487
Idle capacity	4,753	5,216
Revenue from sale of scraps	(1,602)	(1,535)
	271,664	241,942

(iii) As of March 31, 2024, December 31 and March 31, 2023, the inventories had not been pledged as collateral.

(f) Property, plant and equipment

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

	Land	Buildings and construction	Machinery and equipment	Office equipment and others	Construction in progress and testing equipment	Total
Cost:						
Balance at January 1, 2024	\$ 324,605	409,956	2,031,697	161,863	10,917	2,939,038
Additions	-	884	13,707	509	15,234	30,334
Reclassification	-	-	4,309	-	(4,309)	-
Disposals	-	-	(471)	(355)	-	(826)
Effect of movements in exchange rates	(6,372)	(8,051)	(39,586)	(3,175)	(251)	(57,435)
Balance at March 31, 2024	\$ 318,233	402,789	2,009,656	158,842	21,591	2,911,111

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

	<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>
Balance at January 1, 2023	\$ 321,869	400,300	1,965,728	151,386	1,388	2,840,671
Additions	-	-	33,473	5,345	13,976	52,794
Reclassification	-	-	618	37	(655)	-
Disposals	-	-	(18,079)	(219)	-	(18,298)
Effect of movements in exchange rates	1,152	1,433	6,970	521	(48)	10,028
Balance at March 31, 2023	<u>\$ 323,021</u>	<u>401,733</u>	<u>1,988,710</u>	<u>157,070</u>	<u>14,661</u>	<u>2,885,195</u>
Depreciation and impairments loss:						
Balance at January 1, 2024	\$ -	261,859	1,518,813	107,986	-	1,888,658
Depreciation	-	4,564	36,556	2,879	-	43,999
Disposals	-	-	(471)	(313)	-	(784)
Effect of movements in exchange rates	-	(5,156)	(29,581)	(2,127)	-	(36,864)
Balance at March 31, 2024	<u>\$ -</u>	<u>261,267</u>	<u>1,525,317</u>	<u>108,425</u>	<u>-</u>	<u>1,895,009</u>
Balance at January 1, 2023	\$ -	242,068	1,428,434	105,065	-	1,775,567
Depreciation	-	4,284	33,180	2,399	-	39,863
Disposals	-	-	(17,863)	(117)	-	(17,980)
Effect of movements in exchange rates	-	850	5,051	366	-	6,267
Balance at March 31, 2023	<u>\$ -</u>	<u>247,202</u>	<u>1,448,802</u>	<u>107,713</u>	<u>-</u>	<u>1,803,717</u>
Carrying amounts:						
Balance at January 1, 2024	<u>\$ 324,605</u>	<u>148,097</u>	<u>512,884</u>	<u>53,877</u>	<u>10,917</u>	<u>1,050,380</u>
Balance at March 31, 2024	<u>\$ 318,233</u>	<u>141,522</u>	<u>484,339</u>	<u>50,417</u>	<u>21,591</u>	<u>1,016,102</u>
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 March 31, 2023	<u>\$ 323,021</u>	<u>154,531</u>	<u>539,908</u>	<u>49,357</u>	<u>14,661</u>	<u>1,081,478</u>

For business development needs, a subsidiary of the Group - GT signed contracts with third parties in December 2023 and March 2024, respectively, for staff canteen and factory expansion, with a total contract price of approximately \$16,354 (THB 18,500) and \$24,593 (THB 27,820), both of which have not yet been completed as of March 31, 2024.

As of March 31, 2024, December 31 and March 31, 2023, 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).

(g) Right-of-use assets

The Group leases buildings and construction. The cost and depreciation about leases for which the Group is a lessee was presented as below:

	<u>Buildings</u>
Cost:	
Balance at March 31, 2024 (and Balance at January 1, 2024)	<u>\$ 1,458</u>
Balance at March 31, 2023 (and Balance at January 1, 2023)	<u>\$ -</u>

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

	Buildings
Accumulated depreciation:	
Balance at January 1, 2024	\$ 112
Depreciation	183
Balance at March 31, 2024	\$ 295
Balance at March 31, 2023 (and Balance at January 1, 2023)	\$ -
Carrying Amount :	
Balance at January 1, 2024	1,346
Balance at March 31, 2024	\$ 1,163
Balance at January 1, 2023	-
Balance at March 31, 2023	\$ -

(h) Intangible assets

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

	Computer equipment
Costs:	
Balance at January 1, 2024	\$ 23,724
Additions	15
Effective of movements in exchange rates	(466)
Balance at March 31, 2024	\$ 23,273
Balance at January 1, 2023	\$ 22,281
Additions	1,023
Effective of movements in exchange rates	75
Balance at March 31, 2023	\$ 23,379
Accumulated amortization:	
Balance at January 1, 2024	\$ 20,416
Amortization	445
Effective of movements in exchange rates	(402)
Balance at March 31, 2024	\$ 20,459
Balance at January 1, 2023	\$ 18,187
Amortization	563
Effective of movements in exchange rates	62
Balance at March 31, 2023	\$ 18,812

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
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	Computer equipment
Carrying amounts:	
Balance at January 1, 2024	\$ 3,308
Balance at March 31, 2024	\$ 2,814
Balance at January 1, 2023	\$ 4,094
Balance at March 31, 2023	\$ 4,567

(i) Other assets and other non-current assets

The other assets of the Group were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Other receivables	\$ 10,766	7,767	7,126
Restricted assets	8,363	8,144	8,083
Input tax	7,139	2,661	9,823
Tax refund receivables	6,997	7,454	7,000
Supplies inventory	4,811	6,486	3,349
Prepayments of equipment	4,788	3,796	11,984
Advance to employees	1,270	1,949	-
Payment in advance	1,232	1,321	5,733
Others	6,595	3,836	5,322
	\$ 51,961	43,414	58,420
Other current assets	38,103	30,756	37,691
Other non-current assets	13,858	12,658	20,729
	\$ 51,961	43,414	58,420

As of March 31, 2024, December 31 and March 31, 2023, part of the Group's other assets were provided as collaterals for its loans, please refer to note (8).

(j) Short-term borrowings

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

	March 31, 2024	December 31, 2023	March 31, 2023
Unused credit lines	\$ 221,000	225,425	224,325
Range of interest rates	4.15%~7.59%	4.15%~7.59%	2.70%~7.63%

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
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(k) Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
Salaries and bonuses payables	\$ 16,740	11,499	28,919
Equipment payables	15,331	10,049	11,269
Utilities payable	5,687	4,242	5,887
Freight payable	5,306	4,441	4,227
Professional service fees payable	3,687	4,642	2,189
Others	<u>12,185</u>	<u>11,063</u>	<u>9,424</u>
	<u>\$ 58,936</u>	<u>45,936</u>	<u>61,915</u>

(l) Lease liabilities

The lease liabilities of the Group were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Current	<u>\$ 668</u>	<u>662</u>	<u>-</u>
Non-current	<u>\$ 402</u>	<u>572</u>	<u>-</u>

For the maturity analysis, please refer to note 6 (t).

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2024	2023
Interest on lease liabilities	<u>\$ 11</u>	<u>-</u>
Expenses relating to short-term leases	<u>\$ 153</u>	<u>107</u>

The amounts recognized in the statement of cash flows for the Group were as follows:

	For the three months ended March 31,	
	2024	2023
Total cash outflow for leases	<u>\$ 328</u>	<u>107</u>

As of March 31, 2024, the Group leases buildings and construction for its office space. The leases of office space typically run for a period of 2 years.

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
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(m) 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, 2023 and 2022.

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

	For the three months ended	
	March 31,	
	2024	2023
Operating cost and expenses	1,760	1,432
	1,760	1,432

(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	
	March 31,	
	2024	2023
Operating cost and expenses	785	762
	785	762

(n) 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 of March 31, 2024, 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 three months ended March 31, 2024 and 2023 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.

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
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(ii) Income tax expenses

The details of income tax expense were as follows:

	For the three months ended	
	March 31,	
	2024	2023
Current tax expense		
Current period	\$ -	-
Adjustment for prior periods	-	846
	\$ -	846

(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 2023. In Hong Kong, where Caltech operates, the income tax returns have been approved by the tax authorities through 2022.

(o) Capital and other equity

(i) Ordinary shares

On April 28, 2023, the Board of Directors of the Company resolved to increase its cash capital by issuing new common shares amounting to 3,500 thousand shares with a par value of NTD 10 per share before the initial public offering. From the total issuance of 3,500 thousand shares, 2,479 thousand shares were auctioned at the weighted average bid price of NTD 111.68 per share. The remaining 1,021 thousand shares were publicly subscribed and reserved for employees' subscription at the price of NTD 66 per share. The effective date was set on July 27, 2023, with total common shares of 31,000 thousand shares and capital stock of \$310,000 subsequent to the increase in cash capital.

(ii) Capital surplus

The balances of capital surplus were as follows:

	March 31,	December 31,	March 31,
	2024	2023	2023
Capital premium	\$ 1,946,314	1,992,814	1,690,575
Share-based compensation cost	341	341	-
	\$ 1,946,655	1,993,155	1,690,575

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
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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.

Subject to Law, the Board of Directors may distribute all or part of the dividends and bonuses, legal reserve in cash and / or capital surplus arising from premium on issuance of capital stock or the fair value of donated assets received after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the General shareholders' meeting.

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
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On March 14, 2024, the Company's Board of Directors resolved to appropriate the 2023 earnings and cash from capital reserves; while the amount of cash dividends on the appropriations of earnings for 2022 had been approved during the shareholders' meeting on June 20, 2023. These earnings were appropriated as follows:

	2023		2022	
	Amount per share	Total Amount	Amount per share	Total Amount
Cash dividend distribution	\$ 3.00	\$ 93,000	5.50	151,250
Cash dividend distribution from capital reserves	1.50	46,500	-	-
	\$ 4.50	\$139,500	5.50	151,250

(p) Share-based payment

Based on resolution approved during the Board meeting held on April 28, 2023, the Company decided to increase cash capital by issuing 3,500 thousand new shares, of which 400 thousand shares shall be reserved for priority subscription by employees of the Company and its subsidiaries who meet certain conditions. For the amount of share that employees abandon or inadequately subscribe, the Chairman of the Board is authorized to negotiate with a specific person to subscribe the full amount of shares at the issuance price.

	Equity-settled
	Cash capital increase reserved for employee subscription
Grant date	2023.07.07
Number of shares granted	400 thousand shares
Contract term	2023.7.7~2023.7.10
Vesting conditions	Immediately vested

The fair value of stock options granted on grant date is measured using the Black-Scholes option pricing model in 2023. Fair value per unit of stock options range from NTD 0.000003 to NTD 0.890367. The Company recognized compensation cost of \$341 in 2023, and recorded the amount under operating expenses. Please refer to notes 6(o) for capital surplus recognition.

(q) Earnings per share

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

	For the three months ended March 31,	
	2024	2023
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	\$ 91,867	27,938
Weighted-average number of outstanding ordinary shares (thousands)	31,000	27,500
Basic earnings per share (dollars)	\$ 2.96	1.02

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES
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	<u>2024</u>	<u>2023</u>
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company	\$ <u>91,867</u>	<u>27,938</u>
Weighted-average number of outstanding ordinary shares (thousands)	31,000	27,500
Effect of employee share bonuses (thousands)	<u>37</u>	<u>76</u>
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (thousands)	<u>31,037</u>	<u>27,576</u>
Diluted earnings per share (dollars)	\$ <u>2.96</u>	<u>1.01</u>

(r) Revenue from contracts with customers

(i) Details of revenue

	For the three months ended March 31,	
	<u>2024</u>	<u>2023</u>
Primary geographical markets:		
Asia	\$ 204,883	179,213
Europe	104,231	86,331
North America	<u>41,231</u>	<u>34,543</u>
	<u>\$ 350,345</u>	<u>300,087</u>
Major products:		
Automotive	\$ 227,610	184,996
Industry	98,764	84,190
3 C	21,477	21,682
Medical	<u>2,494</u>	<u>9,219</u>
	<u>\$ 350,345</u>	<u>300,087</u>

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Accounts receivable	\$ 377,058	333,415	283,524
Less: allowance for impairment	<u>(3,368)</u>	<u>(3,285)</u>	<u>(67)</u>
Total	<u>\$ 373,690</u>	<u>330,130</u>	<u>283,457</u>

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

(s) 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 ended March 31, 2024 and 2023, the Company estimated its employee remuneration amounting at \$1,892 and \$575, respectively, and directors' remuneration amounting at \$377 and \$115, 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, 2023 and 2022, the remunerations to employees amounted to \$1,972 and \$6,043, and to directors amounted to \$392 and \$1,203 respectively. The aforementioned estimated amounts are identical to those of the actual distributions. The related information is available on the Market Observation Post System website.

(t) 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(t) of the consolidated financial statements for the year ended December 31, 2023.

(i) Types of Financial instruments

Financial assets

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Financial assets at fair value through profit or loss	\$ 1,506	-	1,912
Financial assets measured at amortized cost:			
Cash and cash equivalents	1,010,254	968,155	757,326
Accounts receivable, net	373,690	330,130	283,457
Other receivable	10,766	7,767	7,126
Time deposits with original maturities of more than three months	224,000	184,230	91,350
Restricted deposits (recognized as other non-current assets)	8,363	8,144	8,083
Refundable deposits (recognized as other non-current assets)	707	718	663
	<u>\$ 1,629,286</u>	<u>1,499,144</u>	<u>1,149,917</u>

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

Financial liabilities

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Financial liabilities at fair value through profit or loss	\$ -	2,995	141
Financial liabilities measured at amortized cost:			
Accounts payable	61,172	48,283	53,911
Others payable	58,936	45,936	61,915
Dividends payable	139,500	-	-
Lease liabilities (current and non-current)	<u>1,070</u>	<u>1,234</u>	<u>-</u>
	<u>\$ 260,678</u>	<u>98,448</u>	<u>115,967</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.

	<u>Carrying</u> <u>Amount</u>	<u>Contractual</u> <u>cash flows</u>	<u>Within a</u> <u>year</u>	<u>1~2 years</u>	<u>Over 2</u> <u>years</u>
March 31, 2024					
Non-derivative financial liabilities					
Accounts payable	\$ 61,172	(61,172)	(61,172)	-	-
Lease liabilities (current and non-current)	1,070	(1,102)	(696)	(406)	-
Other payable	58,936	(58,936)	(58,936)	-	-
Dividends payable	<u>139,500</u>	<u>(139,500)</u>	<u>(139,500)</u>	<u>-</u>	<u>-</u>
	<u>\$ 260,678</u>	<u>(260,710)</u>	<u>(260,304)</u>	<u>(406)</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, 2023					
Non-derivative financial liabilities					
Accounts payable	\$ 48,283	(48,283)	(48,283)	-	-
Lease liabilities (current and non-current)	1,234	(1,276)	(696)	(580)	-
Other payable	45,936	(45,936)	(45,936)	-	-
Derivatives instrument not used for hedging:					
Forward exchange contracts:	2,995				
Outflow	-	(79,710)	(79,710)	-	-
Inflow	-	76,715	76,715	-	-
	<u>\$ 98,448</u>	<u>(98,490)</u>	<u>(97,910)</u>	<u>(580)</u>	<u>-</u>
March 31, 2023					
Non-derivative financial liabilities					
Accounts payable	\$ 53,911	(53,911)	(53,911)	-	-
Other payable	61,915	(61,915)	(61,915)	-	-
Derivatives instrument not used for hedging:					
Forward exchange contracts	141				
Outflow	-	(33,180)	(33,180)	-	-
Inflow	-	33,039	33,039	-	-
	<u>\$ 115,967</u>	<u>(115,967)</u>	<u>(115,967)</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>March 31, 2024</u>			<u>December 31, 2023</u>			<u>March 31, 2023</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	3,891	USD/THB =36.1991	124,512	2,911	USD/THB =34.0523	89,382	3,034	USD/THB =33.9351	92,385
EUR	6,254	EUR/THB =38.9819	215,513	4,993	EUR/THB =37.6844	169,662	5,943	EUR/THB =36.9442	197,010
USD	29,634	USD/TWD =32.0000	948,288	29,417	USD/TWD =30.7050	903,249	25,473	USD/TWD =30.45	775,653

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

	March 31, 2024			December 31, 2023			March 31, 2023		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial liabilities</u>									
USD	5,578	USD/THB =36.1991	178,496	5,482	USD/THB =34.0523	168,325	9,426	USD/THB =33.9351	287,022
EUR	112	EUR/THB =38.9819	3,860	59	EUR/THB =37.6844	2,005	86	EUR/THB =36.9442	2,851
JPY	31,342	JPY/THB =0.2393	6,629	28,061	JPY/THB =0.2409	6,095	36,594	JPY/THB =0.255	8,373

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 March 31, 2024 and 2023 would have influenced the net profit before tax as follows.

	<u>March 31, 2024</u>	<u>March 31, 2023</u>
USD (against the THB)		
Appreciation 5%	\$ (2,699)	(9,732)
Depreciation 5%	2,699	9,732
USD (against the TWD)		
Appreciation 5%	47,414	38,783
Depreciation 5%	(47,414)	(38,783)
EUR (against the THB)		
Appreciation 5%	10,583	9,708
Depreciation 5%	(10,583)	(9,708)
JPY (against the THB)		
Appreciation 5%	(331)	(419)
Depreciation 5%	331	419

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 (including realized and unrealized portions) for the three months ended March 31, 2024 and 2023 were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Net Foreign exchange gains	<u>\$ 45,027</u>	<u>978</u>

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

	March 31, 2023				
	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>1,912</u>	-	1,912	-	1,912
Financial liabilities at fair value through profit and loss:					
Derivative financial liabilities- forward exchange contracts	\$ <u>141</u>	-	141	-	141

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 three months ended March 31, 2024 and 2023.

(u) Financial risk management

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

(v) Capital management

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

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

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

There were no investing and financing activities which did not involve non-cash transactions in the three months ended March 31, 2023. The Group's investing and financing activities which did not involve non-cash transactions in the three months ended March 31, 2024 were as follows:

- (i) For right-of-use assets under leases, please refer to note 6(l).
(ii) Reconciliation of liabilities arising from financing activities was as follows: None

(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
Digital Orthopaedic Solutions Co., Ltd.	Other related parties

- (c) Significant transactions with related parties

- (i) Receivables from Related Parties

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

Account	Relationship	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable	Other related parties	\$ 3,055	3,135	3,120

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

- (d) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31	
	2024	2023
	Short-term employee benefits	\$ 7,306

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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:

<u>Pledged assets</u>	<u>Object</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Property, plant and equipment	Bank borrowings	\$ 349,845	358,484	361,650
Restricted deposits (recognized as other non-current assets)	Guarantee	<u>8,363</u>	<u>8,144</u>	<u>8,083</u>
		<u>\$ 358,208</u>	<u>366,628</u>	<u>369,733</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. The Group filed administrative lawsuit against the Customs Department, requesting the Customs Department to refund the fine in December 2019 (1st Lawsuit). The Supreme Court ruled against the Group in this case on January 20, 2024. According to the opinion of the lawyer appointed by the Group, the Group does not need to pay additional duties or related fees.

Besides, the Group filed administrative lawsuit against the Customs Department, requesting the Customs Department to refund the disputed duty with accrued interest in June 2020 (2nd Lawsuit). As of the end of the date of this report, this case is still pending before the Court.

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Purchase of property, plant and equipment	<u>\$ 23,119</u>	<u>33,530</u>	<u>26,600</u>

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

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

(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 March 31 2024			For the three months ended March 31, 2023		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		62,661	25,252	87,913	54,101	18,880	72,981
Labor and health insurance		2,218	284	2,502	2,245	256	2,501
Pension		1,461	1,084	2,545	1,232	962	2,194
Others		5,091	479	5,570	4,630	349	4,979
Depreciation		39,723	4,459	44,182	37,656	2,207	39,863
Amortization		436	9	445	538	25	563

- (b) Seasonality of operations:

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

(13) Other disclosures:

- (a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 2024:

- (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 (Note 2)	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	128,000 (USD4,000)	128,000 (USD4,000)	64,000 (USD2,000)	0%	Short-term financing	-	Operating demand	-	-	-	1,015,202	1,015,202	Note 3
0	"	TT	Other receivables	Yes	128,000 (USD4,000)	128,000 (USD4,000)	96,000 (USD3,000)	0%	"	-	"	-	-	-	1,015,202	1,015,202	"

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.

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

- (ii) Guarantees and endorsements for other parties: None
- (iii) Securities held as of March 31, 2024 (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
- (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)	Allowance for bad debts	Note
					Amount	Action taken			
The Company	TT	Subsidiary	96,000 (USD3,000)	Note 1	-	-	-	-	Note 2
"	GT	"	64,000 (USD2,000)	"	-	-	-	-	"

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.

- (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	TT	1	Other Receivables-Related Party (Note 6)	96,000	Interest rate 0%	3.30%
0	"	GT	1	"	64,000	"	2.20%
1	GT	Caltech	3	Operating Revenue	24,398	The credit period is net 150 days.	6.96%
1	"	"	3	Accounts Receivable	48,616	"	1.67%

Note 1: Companies are numbered as follows:

Parent company—0

Subsidiary—starting from 1

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SIXXON TECH. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2024 (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 March 31, 2024			Net income (losses) of investee (Note 2)	Shares of profits/ losses of investee (Note 2)	Note
				March 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value			
The Company	GT	Thailand	Design, manufacture, processing and sale of automotive, industrial, 3C and medical related components	NTD 1,226,020	NTD 1,226,020	39,000,000	100 %	1,002,705	67,211	64,634	Note 1
The Company	TT	Thailand	Design, manufacture, processing and sale of automotive, industrial and 3C related components	NTD 358,802	NTD 358,802	12,730,000	100 %	161,202	(23,051)	(23,051)	"
The Company	Caltech	Hong Kong	Sale of automotive related components	NTD 90,227	NTD 90,227	25	100 %	21,779	678	678	"
GT	Align	Thailand	Sale of medical related equipment and components.	NTD 1,733	NTD -	196,000	49 %	1,800	(6)	(3)	"

Note 1: The aforementioned transactions had been written-off upon the preparation of the consolidated financial statements.

Note 2: 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)		11,130,841	35.90 %

(14) Segment information:

- (a) 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.