# Topkey Corporation and Subsidiaries

## Consolidated Financial Statements for the Years Ended December 31, 2024 and 2023

**DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2024 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10, "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

Topkey Corporation

By

SHEN WEN CHEN
President

February 27, 2025

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Topkey Corporation

### Opinion

We have audited the accompanying consolidated financial statements of Topkey Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2024, December 31, 2023 and January 1, 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024, December 31, 2023 and January 1, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. 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.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2024 is as follows:

Revenue Recognition

The Group's sales revenue mainly comes from the manufacture and sale of sporting goods, carbon fiber products, glass fiber products, and composite materials. A significant portion of export sales to customers increased significantly has a material impact on the financial statements. Therefore, we identified recognition authenticity of sales revenue as a key audit matter. For the accounting policies on the recognition of sales revenue, refer to Note 4.

Our key audit procedures performed in respect of revenue recognition included the following:

1. We understood and evaluated the design and appropriateness of implementation of the internal controls related to the recognition of sales revenue, and tested the continuous effectiveness of its controls during the year.

2. We selected samples of the sales revenue receipts and vouched the documents to sales order, delivery of goods and receipt vouchers related to sales revenue and verified the occurrence of the sales revenue.

**Other Matter**

We have also audited the parent company only financial statements of Topkey Corporation as of and for the years ended December 31, 2024 and 2023 on which we have issued an unmodified opinion.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shao-Chun Wu and Done-Yuin Tseng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2025

*Notice to Readers*

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

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

## TOPKEY CORPORATION AND SUBSIDIARIES

**CONSOLIDATED BALANCE SHEETS**
**(In Thousands of New Taiwan Dollars)**

| | December 31, 2024 | | December 31, 2023 | | January 1, 2023 (Adjusted) | |
|---|---|---|---|---|---|---|
| **ASSETS** | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents (Note 6) | $ 7,018,422 | 43 | $ 5,486,707 | 40 | $ 6,986,828 | 43 |
| Financial assets at amortized cost - current (Notes 7 and 25) | 20,278 | - | 20,228 | - | 189,208 | 1 |
| Trade receivables (Note 8) | 2,059,331 | 13 | 1,580,481 | 12 | 2,252,128 | 14 |
| Other receivables | 85,755 | 1 | 49,662 | - | 66,641 | - |
| Current tax assets | - | - | 684 | - | - | - |
| Inventories (Note 9) | 1,525,734 | 10 | 1,508,169 | 11 | 2,704,909 | 17 |
| Other current assets | 219,897 | 1 | 201,318 | 1 | 172,634 | 1 |
| Total current assets | 10,929,417 | 68 | 8,847,249 | 64 | 12,372,348 | 76 |
| NON-CURRENT ASSETS | | | | | | |
| Financial assets at fair value through other comprehensive income - non-current (Note 10) | - | - | - | - | - | - |
| Property, plant and equipment (Note 12) | 4,633,273 | 29 | 4,178,032 | 31 | 3,072,060 | 19 |
| Right-of-use assets (Note 13) | 509,938 | 3 | 534,148 | 4 | 591,185 | 4 |
| Deferred tax assets (Note 20) | 30,235 | - | 101,701 | 1 | 101,964 | 1 |
| Refundable deposits | 12,592 | - | 12,199 | - | 14,890 | - |
| Other non-current assets | 62,164 | - | 54,009 | - | 63,816 | - |
| Total non-current assets | 5,248,202 | 32 | 4,880,089 | 36 | 3,843,915 | 24 |
| TOTAL | $ 16,177,619 | 100 | $ 13,727,338 | 100 | $ 16,216,263 | 100 |
| **LIABILITIES AND EQUITY** | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Short-term borrowings (Notes 14) | $ 2,527,437 | 16 | $ 1,828,728 | 13 | $ 4,850,898 | 30 |
| Notes payable and trade payables | 584,043 | 4 | 399,963 | 3 | 661,690 | 4 |
| Other payables (Note 15) | 658,498 | 4 | 581,516 | 4 | 747,829 | 5 |
| Current tax liabilities (Note 20) | 288,915 | 2 | 348,645 | 3 | 368,493 | 2 |
| Lease liabilities - current (Note 13) | 20,715 | - | 44,727 | - | 43,859 | - |
| Current portion of long-term borrowings (Note 14) | 73,187 | - | 47,462 | - | 22,353 | - |
| Other current liabilities | 767,589 | 5 | 664,971 | 5 | 429,974 | 3 |
| Total current liabilities | 4,920,384 | 31 | 3,916,012 | 28 | 7,125,096 | 44 |
| NON-CURRENT LIABILITIES | | | | | | |
| Long-term borrowings (Note 14) | 956,190 | 6 | 587,450 | 4 | 55,883 | - |
| Deferred tax liabilities (Note 20) | 415,125 | 3 | 525,644 | 4 | 518,691 | 3 |
| Lease liabilities - non-current (Note 13) | 223,739 | 1 | 231,644 | 2 | 276,686 | 2 |
| Guarantee deposits | 251 | - | 217 | - | 62,390 | 1 |
| Other non-current liabilities | 51,425 | - | 21,764 | - | 54,777 | - |
| Total non-current liabilities | 1,646,730 | 10 | 1,366,719 | 10 | 968,427 | 6 |
| Total liabilities | 6,567,114 | 41 | 5,282,731 | 38 | 8,093,523 | 50 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | | | | |
| Capital stock | 908,200 | 6 | 908,200 | 7 | 908,200 | 6 |
| Capital surplus | 1,639,532 | 10 | 1,639,532 | 12 | 1,639,532 | 10 |
| Retained earnings | | | | | | |
| Legal reserve | 1,170,978 | 7 | 1,029,440 | 8 | 803,434 | 5 |
| Special reserve | 372,946 | 2 | 330,291 | 2 | 619,193 | 4 |
| Unappropriated earnings | 5,255,608 | 33 | 4,498,962 | 33 | 4,019,709 | 24 |
| Other equity | | | | | | |
| Exchange differences on translation of the financial statement of foreign operations | (130,145) | (1) | (362,946) | (3) | (320,291) | (2) |
| Unrealized valuation loss on financial assets at fair value through other comprehensive income | (10,000) | - | (10,000) | - | (10,000) | - |
| Total equity attributable to owners of the Company | 9,207,119 | 57 | 8,033,479 | 59 | 7,659,777 | 47 |
| NON-CONTROLLING INTERESTS | 403,386 | 2 | 411,128 | 3 | 462,963 | 3 |
| Total equity | 9,610,505 | 59 | 8,444,607 | 62 | 8,122,740 | 50 |
| TOTAL | $ 16,177,619 | 100 | $ 13,727,338 | 100 | $ 16,216,263 | 100 |

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

## TOPKEY CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | **Amount** | **%** | **Amount** | **%** |
| NET REVENUE (Note 18) | $ 9,478,115 | 100 | $ 9,266,547 | 100 |
| COST OF GOODS SOLD (Notes 9 and 19) | 6,170,821 | 65 | 6,235,759 | 67 |
| GROSS PROFIT | 3,307,294 | 35 | 3,030,788 | 33 |
| OPERATING EXPENSES | | | | |
| Selling and marketing expenses (Note 19) | 219,327 | 2 | 204,751 | 2 |
| General and administrative expenses (Note 19) | 738,640 | 8 | 669,591 | 7 |
| Research and development expenses (Note 19) | 469,310 | 5 | 447,713 | 5 |
| Expected credit loss (Note 8) | 3,099 | - | 5,592 | - |
| Total operating expenses | 1,430,376 | 15 | 1,327,647 | 14 |
| INCOME FROM OPERATIONS | 1,876,918 | 20 | 1,703,141 | 19 |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Finance costs (Note 19) | (69,071) | (1) | (94,435) | (1) |
| Interest income | 279,221 | 3 | 230,669 | 2 |
| Government grants income | 36,771 | - | 88,964 | 1 |
| Other gains | 45,507 | 1 | 73,110 | 1 |
| Gain on disposal of property, plant and equipment | 1,527 | - | 7,669 | - |
| Net foreign exchange gain (loss) | 266,215 | 3 | (14,493) | - |
| Reversal of impairment (loss) on property, plant and equipment (Note 12) | 224 | - | 8,664 | - |
| Other losses | (10,243) | - | (6,533) | - |
| Total non-operating income and expenses | 550,151 | 6 | 293,615 | 3 |
| INCOME BEFORE INCOME TAX | 2,427,069 | 26 | 1,996,756 | 22 |
| INCOME TAX EXPENSE (Note 20) | 635,332 | 7 | 513,321 | 6 |
| NET INCOME | 1,791,737 | 19 | 1,483,435 | 16 |
| OTHER COMPREHENSIVE INCOME | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translating the financial statements of foreign operations | $ 311,962 | 3 | $ (57,334) | - |

(Continued)

## TOPKEY CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | **Amount** | **%** | **Amount** | **%** |
| Income tax relating to items that will be reclassified subsequently to profit or loss (Note 20) | (58,200) | - | 10,664 | - |
| Other comprehensive income (loss) for the year, net of income tax | 253,762 | 3 | (46,670) | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | $ 2,045,499 | 22 | $ 1,436,765 | 16 |
| NET PROFIT ATTRIBUTABLE TO: | | | | |
| Owners of the Company | $ 1,712,809 | 18 | $ 1,415,377 | 15 |
| Non-controlling interests | 78,928 | 1 | 68,058 | 1 |
| | $ 1,791,737 | 19 | $ 1,483,435 | 16 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Owners of the Company | $ 1,945,610 | 21 | $ 1,372,722 | 15 |
| Non-controlling interests | 99,889 | 1 | 64,043 | 1 |
| | $ 2,045,499 | 22 | $ 1,436,765 | 16 |
| EARNINGS PER SHARE (Note 21) | | | | |
| Basic | $ 18.86 | | $ 15.58 | |
| Diluted | $ 18.75 | | $ 15.49 | |

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

## TOPKEY CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**
**(In Thousands of New Taiwan Dollars)**

| | Equity Attributable to Owner of the Company | | | | | | | | Non-controlling Interests (Note 11) | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Retained Earnings (Note 17) | | | Other Equity | | | | |
| | Common Shares (Note 17) | Capital Surplus (Note 17) | Legal Reserve | Special reserve | Unappropriated Earnings | Exchange Differences on Translating the Financial Statements of Foreign Operations | Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income | Total | | |
| BALANCE AT JANUARY 1, 2023 | $ 908,200 | $ 1,639,532 | $ 803,434 | $ 619,193 | $ 4,019,709 | $ (320,291) | $ (10,000) | $ 7,659,777 | $ 462,963 | $ 8,122,740 |
| Appropriation of 2022 earnings | | | | | | | | | | |
| Legal reserve | - | - | 226,006 | - | (226,006) | - | - | - | - | - |
| Special reserve | - | - | - | (288,902) | 288,902 | - | - | - | - | - |
| Cash dividends distributed by the Company | - | - | - | - | (999,020) | - | - | (999,020) | - | (999,020) |
| Cash dividends distributed by the subsidiaries | - | - | - | - | - | - | - | - | (115,878) | (115,878) |
| | - | - | 226,006 | (288,902) | (936,124) | - | - | (999,020) | (115,878) | (1,114,898) |
| Net profit for the year ended December 31, 2023 | - | - | - | - | 1,415,377 | - | - | 1,415,377 | 68,058 | 1,483,435 |
| Other comprehensive loss for the year ended December 31, 2023, net of income tax | - | - | - | - | - | (42,655) | - | (42,655) | (4,015) | (46,670) |
| Total comprehensive loss for the year ended December 31, 2023 | - | - | - | - | 1,415,377 | (42,655) | - | 1,372,722 | 64,043 | 1,436,765 |
| BALANCE AT DECEMBER 31, 2023 | 908,200 | 1,639,532 | 1,029,440 | 330,291 | 4,498,962 | (362,946) | (10,000) | 8,033,479 | 411,128 | 8,444,607 |
| Appropriation of 2023 earnings | | | | | | | | | | |
| Legal reserve | - | - | 141,538 | - | (141,538) | - | - | - | - | - |
| Special reserve | - | - | - | 42,655 | (42,655) | - | - | - | - | - |
| Cash dividends distributed by the Company | - | - | - | - | (771,970) | - | - | (771,970) | - | (771,970) |
| Cash dividends distributed by the subsidiaries | - | - | - | - | - | - | - | - | (116,535) | (116,535) |
| | - | - | 141,538 | 42,655 | (956,163) | - | - | (771,970) | (116,535) | (888,505) |
| Increase in non-controlling interests | - | - | - | - | - | - | - | - | 8,904 | 8,904 |
| Net profit for the year ended December 31, 2024 | - | - | - | - | 1,712,809 | - | - | 1,712,809 | 78,928 | 1,791,737 |
| Other comprehensive income for the year ended December 31, 2024, net of income tax | - | - | - | - | - | 232,801 | - | 232,801 | 20,961 | 253,762 |
| Total comprehensive income for the year ended December 31, 2024 | - | - | - | - | 1,712,809 | 232,801 | - | 1,945,610 | 99,889 | 2,045,499 |
| BALANCE AT DECEMBER 31, 2024 | $ 908,200 | $ 1,639,532 | $ 1,170,978 | $ 372,946 | $ 5,255,608 | $ (130,145) | $ (10,000) | $ 9,207,119 | $ 403,386 | $ 9,610,505 |

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

## TOPKEY CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**
**(In Thousands of New Taiwan Dollars)**

| | 2024 | 2023 (Adjusted) |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | $ 2,427,069 | $ 1,996,756 |
| Adjustments for: | | |
| Depreciation expenses | 414,107 | 398,667 |
| Expected credit loss | 3,099 | 5,592 |
| Finance costs | 69,071 | 94,435 |
| Interest income | (279,221) | (230,669) |
| Gain on disposal of property, plant and equipment | (1,527) | (7,669) |
| Reversal of impairment loss on property, plant and equipment | (224) | (8,664) |
| (Reversal of) write-downs of inventories | (5,620) | 42,077 |
| Net loss on unrealized foreign currency exchange | (17,272) | 15,414 |
| Amortization of prepayments | 41,137 | 42,286 |
| Gain on lease modification | - | (266) |
| Changes in operating assets and liabilities: | | |
| Trade receivables | (358,823) | 593,000 |
| Other receivables | (36,018) | 2,234 |
| Inventories | 40,648 | 1,138,915 |
| Other current assets | (46,875) | (62,575) |
| Notes payable | 800 | 200 |
| Trade payables | 139,393 | (220,403) |
| Other payables | 58,315 | (119,349) |
| Other current liabilities | 99,665 | 235,305 |
| Other non-current liabilities | 29,661 | (33,013) |
| Cash generated from operations | 2,577,385 | 3,882,273 |
| Interest received | 281,028 | 245,500 |
| Interest paid | (69,098) | (95,129) |
| Income tax paid | (792,726) | (515,738) |
| Net cash generated from operating activities | 1,996,589 | 3,516,906 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of financial assets at amortized cost | - | 168,563 |
| Acquisition of property, plant and equipment | (724,401) | (1,495,480) |
| Proceeds from disposal of property, plant and equipment | 12,467 | 18,304 |
| Decrease (increase) in refundable deposits | (170) | 2,682 |
| Increase in other non-current assets | (15,327) | (5,608) |
| Increase in prepayments for equipment | (4,464) | (10,744) |
| Net cash used in investing activities | (731,895) | (1,322,283) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from short-term borrowings | 2,766,508 | 2,818,611 |
| Repayments of short-term borrowings | (2,165,703) | (5,822,761) |
| Proceeds from long-term borrowings | 428,416 | 585,207 |

(Continued)

## TOPKEY CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**
**(In Thousands of New Taiwan Dollars)**

| | 2024 | 2023 (Adjusted) |
|---|---|---|
| Repayments of long-term borrowings | $ (49,159) | $ (24,151) |
| Decrease in guarantee deposits | 22 | (62,170) |
| Repayments of the principal portion of lease liabilities | (45,820) | (43,787) |
| Cash dividends distributed to owners of the Company | (771,970) | (999,020) |
| Cash dividends distributed to non-controlling interests | (116,535) | (115,878) |
| Repayments of endorsement and guarantee liabilities | 8,904 | - |
| Net cash generated from (used in) financing activities | 54,663 | (3,663,949) |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS | 212,358 | (30,795) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 1,531,715 | (1,500,121) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 5,486,707 | 6,986,828 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | $ 7,018,422 | $ 5,486,707 |

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

## 1. GENERAL INFORMATION

TOPKEY CORPORATION (the "Company") was incorporated in the Republic of China (ROC) in July 1980; and is mainly engaged in the production, processing, sale, international trading and agency services of sporting goods, carbon fiber products, glass fiber products, and composite materials.

The Company's shares were listed and have been trading on the Taiwan Stock Exchange since October 2013.

The consolidated financial statements of the Company and its subsidiaries (referred to collectively as the "Group") are presented in the Company's functional currency, the New Taiwan dollar.

## 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on February 27, 2025.

## 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

| New, Amended and Revised Standards and Interpretations | Effective Date Announced by IASB |
|---|---|
| Amendments to IAS 21 "Lack of Exchangeability" | January 1, 2025 (Note) |

   Note : An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

   As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

| New, Amended and Revised Standards and Interpretations | Effective Date Announced by IASB (Note) |
|---|---|
| Annual Improvements to IFRS Accounting Standards - Volume 11 | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity” | January 1, 2026 |
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB |
| IFRS 17 “Insurance Contracts” | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information” | January 1, 2023 |
| IFRS 18 “Presentation and Disclosure in Financial Statements” | January 1, 2027 |
| IFRS 19 “Subsidiaries without Public Accountability: Disclosures” | January 1, 2027 |

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.

- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

d. Reclassification

The management of the Group considers the bank deposits repatriated for restricted purpose for the use of substantial investments and financial investments in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act. do not change the nature of the deposit as the entity can access those amounts on demand. The management concludes that the presentation of cash and cash equivalents is more appropriate and, therefore, has changed the presentation of the consolidated balance sheets and consolidated statements of cash flows. The financial assets at amortized cost were reclassified to cash and cash equivalents with a carrying amount of $94,187 thousand and $780,419 thousand on December 31, 2023 and January 1, 2023, respectively.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and noncurrent assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

See Note 11 and Table 7 and 8 for the detailed information on subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity’s functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not retranslated.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and the group entities (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate.)

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, work-in-process, finished goods, and merchandise are stated at the lower of cost and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Except for equipment which acquisition by project is recognized using the unit of production method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Impairment of property, plant and equipment and right-of-use assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

i. Financial instruments

Financial assets and financial liabilities are recognized when the Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets held by the Group are classified into the following categories: financial assets at amortized cost, and investments in equity instruments at FVTOCI.

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalent, financial assets at amortized cost, trade receivables, other receivables, and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition and short-term bills which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs. For financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 365 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

j. Revenue recognition

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of sporting goods, aviation products, and medical products. Sales of sporting goods, aviation products, and medical products are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Revenue and trade receivables are recognized concurrently.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from professional labor services. The revenue and trade receivables are recognized by contract.

k. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

l. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

m. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Based on the assessment of the Group's management, the accounting policies, estimates, and assumptions adopted by the Group have not been subject to material accounting judgements, estimates and assumptions uncertainty.

## 6. CASH AND CASH EQUIVALENTS

| | December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Cash on hand | $ 1,172 | $ 1,261 |
| Checking accounts and demand deposits | 3,235,007 | 1,847,041 |
| Cash equivalents | | |
| Time deposits | 3,782,243 | 3,356,354 |
| Bonds under repurchase agreements | - | 282,051 |
| | $ 7,018,422 | $ 5,486,707 |
| Annual interest rate (%) | | |
| Demand deposits | 0.0001-4.60 | 0.0001-5.45 |
| Time deposits | 1.25-4.85 | 0.15-5.77 |
| Bonds under repurchase agreements | - | 4.17-4.24 |

## 7. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Restricted deposits | $ 20,278 | $ 20,228 |
| Annual interest rate (%) | | |
| Restricted deposits | 1.500-1.705 | 1.580 |

Refer to Note 25 for the pledged of restricted deposits.

## 8. TRADE RECEIVABLES

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| At amortized cost | | |
| Gross carrying amount | $ 2,075,459 | $ 1,593,479 |
| Less: Allowance for impairment loss | (16,128) | (12,998) |
| | $ 2,059,331 | $ 1,580,481 |

The average credit period of sales of goods is 60 to 120 days. No interest was charged on trade receivables. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available, or if such information is not available, the Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The loss allowance of trade receivables of the Group was as follows:

| | Not Past Due | Past Due 30-90 Days | Past Due 91-180 Days | Past Due 181-364 Days | Past Due More than 365 Days | Total |
|---|---|---|---|---|---|---|
| December 31, 2024 | | | | | | |
| Expected credit loss rate (%) | - | 5 | 25 | 50 | 100 | |
| Gross carrying amount | $ 2,049,790 | $ 8,521 | $ 1,527 | $ 603 | $ 15,018 | $ 2,075,459 |
| Loss allowance | - | (426) | (382) | (302) | (15,018) | (16,128) |
| Amortized cost | $ 2,049,790 | $ 8,095 | $ 1,145 | $ 301 | $ - | $ 2,059,331 |
| December 31, 2023 | | | | | | |
| Expected credit loss rate (%) | - | 5 | 25 | 50 | 100 | |
| Gross carrying amount | $ 1,576,709 | $ 960 | $ 3,813 | $ - | $ 11,997 | $ 1,593,479 |
| Loss allowance | - | (48) | (953) | - | (11,997) | (12,998) |
| Amortized cost | $ 1,576,709 | $ 912 | $ 2,860 | $ - | $ - | $ 1,580,481 |

The movements of the loss allowance of trade receivables were as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Balance at January 1 | $ 12,998 | $ 7,410 |
| Net remeasurement of loss allowance | 3,099 | 5,592 |
| Foreign exchange gains and losses | 31 | (4) |
| Balance at December 31 | $ 16,128 | $ 12,998 |

## 9. INVENTORIES

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Raw materials | $ 579,088 | $ 625,750 |
| Work in progress | 403,668 | 290,856 |
| Finished goods | 388,892 | 462,487 |
| Merchandise | 154,086 | 129,076 |
| | $ 1,525,734 | $ 1,508,169 |

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2024 and 2023 was $6,170,821 thousand and $6,235,759 thousand, respectively.

Operating costs include:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| (Reversal of) write-downs of inventories | $ (5,620) | $ 42,077 |

Inventory write-downs were reversed as a result of the liquidation of stock.

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME NON - CURRENT

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Unlisted ordinary shares | | |
| Yue Pfong International Technology Corp. (Yue Pfong) | $ - | $ - |

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

## 11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements were as follows:

| | | Proportion of Ownership (%) | |
|---|---|---|---|
| Investor | Investee | December 31, 2024 | December 31, 2023 |
| The Company | New Score Holding Limited (NSH) | 100 | 100 |
| | Topkey (Vietnam) Corporation Company Limited (Topkey (VN) Corp) | 100 | 100 |
| | XPT Precision Company Limited (XPT Taiwan) | 70 | - |
| NSH | Composite Solutions Corporation (CSC) | - | 100 |
| | EIC Holding Limited (EIC) | 76 | 76 |
| | Musonic Corporation (Musonic) | 100 | 100 |
| | New Score Investment Limited (NSI) | 100 | 100 |
| | XPT Investment Co., Limited (XPT Investment) | 70 | 70 |
| Musonic | Xiamen Keentech Composite Technology Co., Ltd. (Keentech) | 64 | 64 |
| NSI | Keentech | 36 | 36 |
| | Xiamen Valver Color Sticker Co., Ltd. (Valver) | 100 | 100 |
| EIC | Xiamen Yeu Chuan Composite Technology Co., Ltd. (Yeu Chuan) | 100 | 100 |
| XPT Investment | Xiamen Xin Hong Zhou Precision Technology Co., Ltd. (Xin Hong Zhou) | 100 | 100 |

Refer to Table 7 and 8 following the Notes to Consolidated Financial statements for information on the place of incorporation and principal places of business for each subsidiary.

In consideration of the strategic development and comprehensive supply chain, the Group has established a subsidiary of XPT Taiwan and acquired an ownership interest of 70% for $21,096 thousand with the registration completed on November 14, 2024.

The business closure of CSC had been resolved by the board of directors in August 2021. Subsequently, CSC applied to the local court in USA for the appointment of an administrator for liquidation and completed in January 2024.

b. Details of subsidiaries that have material non-controlling interests

| Name of Subsidiary | Proportion of Ownership and Voting Rights Held by Non-controlling Interests (%) December 31 2024 | 2023 |
|---|---|---|
| EIC | 24 | 24 |
| XPT Investment | 30 | 30 |

| Name of Subsidiary | Profit (Loss) Allocated to Non-controlling Interests For the Year Ended December 31 2024 | 2023 | Accumulated Non-controlling Interests December 31 2024 | 2023 |
|---|---|---|---|---|
| EIC | $ 10,921 | $ 15,818 | $ 103,471 | $ 142,970 |
| XPT Investment | 68,036 | 52,240 | 291,040 | 268,158 |
| | $ 78,957 | $ 68,058 | $ 394,511 | $ 411,128 |

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

1) EIC and EIC's subsidiaries:

| | December 31 2024 | 2023 |
|---|---|---|
| Current assets | $ 549,973 | $ 622,963 |
| Non-current assets | 118,917 | 98,610 |
| Current liabilities | (207,336) | (114,738) |
| Non-current liabilities | (22,372) | - |
| Equity | $ 439,182 | $ 606,835 |
| Equity attributable to: | | |
| Owners of EIC | $ 335,711 | $ 463,865 |
| Non-controlling interests of EIC | 103,471 | 142,970 |
| | $ 439,182 | $ 606,835 |

| | For the Year Ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Revenue | $ 670,596 | $ 805,174 |
| Profit for the year | $ 46,353 | $ 67,137 |
| Other comprehensive income (loss) for the year | 26,880 | (7,837) |
| Total comprehensive income for the year | $ 73,233 | $ 59,300 |
| Profit attributable to: | | |
| Owners of EIC | $ 35,432 | $ 51,319 |
| Non-controlling interests of EIC | 10,921 | 15,818 |
| | $ 46,353 | $ 67,137 |
| Total comprehensive income attributable to: | | |
| Owners of EIC | $ 55,979 | $ 45,329 |
| Non-controlling interests of EIC | 17,254 | 13,971 |
| | $ 73,233 | $ 59,300 |
| Cash inflow/(outflow) from: | | |
| Operating activities | $ 110,538 | $ 200,521 |
| Investing activities | (18,499) | (9,861) |
| Financing activities | (182,702) | (210,530) |
| Net cash outflow | $ (90,663) | $ (19,870) |
| Dividends paid to non-controlling interest of EIC | $ 56,753 | $ 47,020 |

2) XPT Investment and XPT Investment’s subsidiaries:

| | December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Current assets | $ 936,315 | $ 834,379 |
| Non-current assets | 178,601 | 185,563 |
| Current liabilities | (134,191) | (116,323) |
| Equity | $ 980,725 | $ 903,619 |
| Equity attributable to: | | |
| Owners of XPT Investment | $ 689,685 | $ 635,461 |
| Non-controlling interests of XPT Investment | 291,040 | 268,158 |
| | $ 980,725 | $ 903,619 |

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Revenue | $ 899,405 | $ 803,667 |
| Profit for the year | $ 229,263 | $ 176,036 |
| Other comprehensive income (loss) for the year | 49,294 | (7,305) |
| Total comprehensive income for the year | $ 278,557 | $ 168,731 |
| Profit attributable to: | | |
| Owners of XPT Investment | $ 161,227 | $ 123,796 |
| Non-controlling interests of XPT Investment | 68,036 | 52,240 |
| | $ 229,263 | $ 176,036 |
| Total comprehensive income attributable to: | | |
| Owners of XPT Investment | $ 195,893 | $ 118,659 |
| Non-controlling interests of XPT Investment | 82,664 | 50,072 |
| | $ 278,557 | $ 168,731 |
| Cash inflow/(outflow) from: | | |
| Operating activities | $ 221,952 | $ 289,496 |
| Investing activities | (18,033) | (27,764) |
| Financing activities | (203,573) | (313,124) |
| Net cash inflow (outflow) | $ 346 | $ (51,392) |
| Dividends paid to non-controlling interest of XPT Investment | $ 59,782 | $ 68,858 |

## 12. PROPERTY, PLANT AND EQUIPMENT

| | For the Year Ended December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Beginning Balance | Additions | Disposals | Reclassifications | Effects of Foreign Currency Exchange Differences | Ending Balance |
| Cost | | | | | | |
| Land | $ 52,939 | $ - | $ - | $ - | $ - | $ 52,939 |
| Buildings | 1,525,695 | 199,217 | (95,593) | 1,862,536 | 83,125 | 3,574,980 |
| Machinery equipment | 1,347,015 | 40,270 | (114,500) | 57,309 | 57,839 | 1,387,933 |
| Transportation equipment | 19,917 | 2,062 | (1,169) | - | 739 | 21,549 |
| Other equipment | 476,207 | 105,729 | (135,725) | 32,263 | 20,392 | 498,866 |
| Construction in progress | 2,356,645 | 374,433 | - | (1,953,715) | 9,610 | 786,973 |
| | 5,778,418 | $ 721,711 | $ (346,987) | $ (1,607) | $ 171,705 | 6,323,240 |
| Accumulated depreciation | | | | | | |
| Buildings | 678,245 | $ 105,218 | $ (95,593) | $ - | $ 30,294 | 718,164 |
| Machinery equipment | 576,379 | 126,190 | (102,162) | - | 22,684 | 623,091 |
| Transportation equipment | 8,131 | 3,929 | (1,169) | - | 301 | 11,192 |
| Other equipment | 269,493 | 124,020 | (134,610) | - | 11,621 | 270,524 |
| | 1,532,248 | $ 359,357 | $ (333,534) | $ - | $ 64,900 | 1,622,971 |
| Accumulated impairment | | | | | | |
| Machinery equipment | 66,748 | $ - | $ (2,737) | $ - | $ 1,524 | 65,535 |
| Other equipment | 1,390 | - | - | - | 71 | 1,461 |
| | 68,138 | $ - | $ (2,737) | $ - | $ 1,595 | 66,996 |
| | $ 4,178,032 | | | | | $ 4,633,273 |

| | For the Year Ended December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Beginning Balance | Additions | Disposals | Reclassifications | Effects of Foreign Currency Exchange Differences | Ending Balance |
| Cost | | | | | | |
| Land | $ 52,939 | $ - | $ - | $ - | $ - | $ 52,939 |
| Buildings | 1,558,429 | - | (18,195) | - | (14,539) | 1,525,695 |
| Machinery equipment | 1,581,520 | 42,566 | (349,765) | 88,647 | (15,953) | 1,347,015 |
| Transportation equipment | 17,372 | 2,973 | (420) | 204 | (212) | 19,917 |
| Other equipment | 553,338 | 65,124 | (153,900) | 18,279 | (6,634) | 476,207 |
| Construction in progress | 1,107,405 | 1,356,453 | - | (103,069) | (4,144) | 2,356,645 |
| | 4,871,003 | $ 1,467,116 | $ (522,280) | $ 4,061 | $ (41,482) | 5,778,418 |
| Accumulated depreciation | | | | | | |
| Buildings | 633,906 | $ 71,555 | $ (18,195) | $ - | $ (9,021) | 678,245 |
| Machinery equipment | 682,000 | 133,860 | (232,430) | (3) | (7,048) | 576,379 |
| Transportation equipment | 5,069 | 3,561 | (420) | - | (79) | 8,131 |
| Other equipment | 290,949 | 133,415 | (151,104) | 3 | (3,770) | 269,493 |
| | 1,611,924 | $ 342,391 | $ (402,149) | $ - | $ (19,918) | 1,532,248 |
| Accumulated impairment | | | | | | |
| Machinery equipment | 185,607 | $ - | $ (118,160) | $ - | $ (699) | 66,748 |
| Other equipment | 1,412 | - | - | - | (22) | 1,390 |
| | 187,019 | $ - | $ (118,160) | $ - | $ (721) | 68,138 |
| | $ 3,072,060 | | | | | $ 4,178,032 |

The Group assessed that some of the machinery equipment could be used for other purpose. Therefore, the reversal of impairment loss of $224 thousand and $8,664 thousand was recognized for the years ended December 31, 2024 and 2023, respectively, (the reversal of impairment loss has been included in operating revenue and expense in the consolidated statements of comprehensive income), and the decrease in accumulated impairment was mainly due to the disposal of equipment that had been impaired.

Except for equipment which acquisition by project (which is recognized in other equipment), depreciation of property, plant and equipment is calculated on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Buildings | |
| Main buildings | 20-55 years |
| Ancillary work | 5-25 years |
| Machinery equipment | 3-30 years |
| Transportation equipment | 5-10 years |
| Other equipment | 3-20 years |

## 13. LEASE ARRANGEMENTS

a. Right-of-use assets

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Carrying amounts | | |
| Land | $ 499,156 | $ 498,114 |
| Buildings | 10,782 | 35,838 |
| Transportation equipment | - | 196 |
| | $ 509,938 | $ 534,148 |

| | For the Year Ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Additions to right-of-use assets | $ 11,331 | $ 177 |
| Depreciation of right-of-use assets | | |
| Land | $ 24,433 | $ 23,674 |
| Buildings | 29,674 | 31,825 |
| Transportation equipment | 196 | 336 |
| | $ 54,303 | $ 55,835 |

b. Lease liabilities

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Carrying amounts | | |
| Current | $ 20,715 | $ 44,727 |
| Non-current | $ 223,739 | $ 231,644 |

Range of discount rates for lease liabilities was as follows:

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Land | 1.35%-4% | 1.35%-4% |
| Buildings | 1.1%-4.75% | 1.1%-4.9% |
| Transportation equipment | - | 0.85% |

c. Material leasing activities and terms

The Group leases certain transportation equipment for the use of operation with lease terms of 3 years. These arrangements do not contain renewal or purchase options.

The Group also leases land and buildings for the use of plants and offices with lease terms of 2 to 50 years. The lease contract for land located that lease payments will be adjusted on the basis of changes in the consumer price index or announced land value prices. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

| | For the Year Ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Expenses relating to short-term lease | $ 1,034 | $ 4,330 |
| Expenses relating to low value asset leases | $ 52 | $ 52 |
| Total cash outflow for leases | $ (51,899) | $ (54,088) |

The Group leases certain equipment which qualify as short-term leases and which qualify as low-value asset leases. The Group has elected to apply the recognition exemption for these leases and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 14. BORROWINGS

a. Short-term borrowings

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Unsecured borrowings | | |
| Line of credit borrowings | $ 2,527,437 | $ 1,828,728 |
| Annual interest rate range (%) | | |
| Line of credit borrowings | 2.52-5.90 | 1.50-5.98 |

b. Long-term borrowings

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Unsecured borrowings | | |
| Line of credit borrowings | $ 1,029,377 | $ 634,912 |
| Less: Current portion | (73,187) | (47,462) |
| | $ 956,190 | $ 587,450 |
| Annual interest rate range (%) | 2.80-6.70 | 1.10-5.00 |

As of December 31, 2024, the last due date is between June 2026 and May 2030.

## 15. OTHER PAYABLES

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Salaries and bonuses | $ 435,559 | $ 371,261 |
| Compensation of employees | 95,619 | 92,429 |
| Remuneration of directors | 34,864 | 32,150 |
| Acquisition of equipment | 24,467 | 26,629 |
| Others | 67,989 | 59,047 |
| | $ 658,498 | $ 581,516 |

## 16. RETIREMENT BENEFIT PLANS

The Company and XPT Taiwan adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to national employees' individual pension accounts at 6% of monthly salaries and wages.

NSH, Musonic, NSI, EIC and XPT Investment are an investment holding or trade company; therefore, there is no retirement policy. Keentech, Valver, Yeu Chuan, and Xin Hong Zhou pay endowment insurance in accordance with the regulations of mainland China. They are approved by local governments to contribute according to local regulations to local governments. Topkey (VN) Corp contributes retirement pension fund on a monthly basic under the regulations of local governments to local governments.

## 17. EQUITY

a. Capital stock

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Authorized shares (in thousands of shares) | 180,000 | 180,000 |
| Authorized capital | $ 1,800,000 | $ 1,800,000 |
| Issued and paid shares (in thousands of shares) | 90,820 | 90,820 |
| Issued capital | $ 908,200 | $ 908,200 |

A holder of issued common shares with par value of NT$10 per share is entitled to vote and to receive dividends.

b. Capital surplus

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1) | | |
| Additional paid-in capital | $ 1,549,452 | $ 1,549,452 |
| The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition | 52,190 | 52,190 |
| May only be used to offset a deficit (2) | | |
| Gain on disposal of assets | 35,824 | 35,824 |
| Disgorgement exercise | 204 | 204 |
| May not be used for any purpose | | |
| Employee share options | 1,862 | 1,862 |
| | $ 1,639,532 | $ 1,639,532 |

1) The capital surplus generated from the excess of the issuance price over the par value of capital stock, the difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, limited to a certain percentage of the Company's capital surplus.

2) Such capital surplus may be used to offset a deficit.

c. Retained earnings and dividends policy

The shareholders of the Company held their regular meeting on May 31, 2024 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles").The amendments explicitly stipulate that the proposal for profit distribution or offsetting of losses should be made at the end of each six months of the fiscal year, the board of directors of the Company is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

Under the dividends policy as set forth in the amended Articles after the amendments, after closing of accounts, if there is profit, the Company shall first pay the income tax according to the law, make up the losses for the preceding years, then set aside a legal reserve of 10% of the net profit, and appropriate or reverse special surplus reserve pursuant to the regulations of the competent authority; the remaining profit shall be distributed to pay the dividend. When the Board of Directors prepares the proposal of distribution in the form of new shares to be issued by the company, in case of any earnings, along with the undistributed earnings at the beginning of the period, such a distribution shall be made after a resolution is adopted by the shareholders' meeting.

In accordance with Paragraph 5, Article 240 of the Company Act, the Company shall authorize the Board of Directors by a resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares of the company, to pay in the form of cash the distributable dividends and bonuses, or legal reserve and capital reserve in whole or in part, as stipulated in Paragraph 1, Article 241 of the Company Act; a report thereof shall be submitted to the shareholders' meeting.

The earnings distribution or loss make-up of the Company shall be made at the end of each six months of fiscal year. The earnings distribution in cash shall be made by a resolution of the Board of Directors meeting with a report submitted to the shareholders' meeting, pursuant to Article 228-1, and Paragraph 5 of Article 240, the Company Act; it is not necessary to be submitted to the shareholders' meeting for acceptance.

The proposal of surplus earning distribution or loss off setting for the first half of fiscal year should be forwarded with the business report and financial statements to supervisors for their auditing, and afterwards be submitted to the Board of Directors for approval. The Company distributing surplus earning in the form of new shares to be issued by the Company in accordance with the aforementioned provision shall follow the provisions of the Article 240 of the Company Act, if such surplus earning is distributed in the form of cash, it shall be approved by a meeting of the Board of Directors.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under the dividends policy as set forth in the Articles before the amendments, the proposal for profit distribution or offsetting of losses may be made at the end of each six months of the fiscal year. When allocating profit, the company shall first estimate and reserve the taxes to be paid, offset its losses, set legal capital of the remaining earnings, until the legal reserve equals the Company's paid-in capital. The Board of Directors shall formulate a profit distribution or loss compensation proposal and submit it along with the business report and financial statements to the Audit Committee for review and later to the Board of Directors for resolution. If the distribution is done in the form of new share issuance, the proposal shall be complied with the Company Act in Article 240; and if the distribution is done in the form of cash, the proposal shall be resolved by the Board of Directors.

Where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve, and then set aside or reverse special capital reserve in accordance with relevant laws or regulations; if here are profit left expect dividends, along with accumulated unappropriated earnings, submit it to the shareholders' meeting for resolution. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 19.

The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2023 and 2022 which had been resolved by the shareholders in the shareholders' meetings in May 2024 and 2023, were as follows:

| | Appropriation of Earnings For the Year Ended December 31 | | Dividends Per Share (NT$) For the Year Ended December 31 | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| Legal reserve | $ 141,538 | $ 226,006 | | |
| (Reversal of) special reserve | 42,655 | (288,902) | | |
| Cash dividends | 771,970 | 999,020 | $ 8.5 | $ 11 |

The appropriation of 2024 earnings which has been proposed by the Company's board of directors in February, 2025 was as follows:

| | **Appropriation of Earnings** | **Dividends Per Share (NT$)** |
|---|---|---|
| Legal reserve | $ 171,281 | |
| Reversal of special reserve | (232,801) | |
| Cash dividends | 999,020 | $ 11 |

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May, 2025.

d. Special reserve

On the initial adoption of IFRS Accounting Standards, the retained earnings was not enough, the Company appropriated a special reserve at $126,886 thousand that was the same as the net increase in retained earnings.

The appropriations of earning for 2023 and 2022, the Company appropriated (reversed) a special reserve at $42,655 thousand and $(288,902) thousand because of the deduction of other equity in the end of reporting period.

## 18. REVENUE

| | For the Year Ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Revenue from contracts with customers | | |
| Revenue from sale of goods | $ 9,478,115 | $ 9,266,547 |

a. Contract balances

| | December 31, 2024 | December 31, 2023 | January 1, 2023 |
|---|---|---|---|
| Trade receivables (Note 8) | $ 2,059,331 | $ 1,580,481 | $ 2,252,128 |

b. Disaggregation of revenue

Refer to Note 29 for the information about the disaggregation of revenue.

## 19. NET PROFIT FROM CONTINUING OPERATIONS

a. Finance costs

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Interest on bank loans | $ 71,689 | $ 91,221 |
| Interest on lease liabilities | 4,993 | 5,919 |
| Less: capitalized interest | (7,611) | (2,705) |
| | $ 69,071 | $ 94,435 |

Information on capitalized interest is as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Capitalized interest | $ 7,611 | $ 2,705 |
| Capitalization rates (%) | 1.1-2.0 | 1.1-2.0 |

b. Employee benefits expense and depreciation

| | Operating Costs | Operating Expenses | Total |
|---|---|---|---|
| For the Year Ended December 31, 2024 | | | |
| Employee benefit expense | | | |
| Salary expenses | $ 1,673,758 | $ 782,509 | $ 2,456,267 |
| Retirement pension | 146,173 | 55,588 | 201,761 |
| Other employee benefits | 146,992 | 100,246 | 247,238 |
| Depreciation expenses | 275,669 | 138,438 | 414,107 |
| For the Year Ended December 31, 2023 | | | |
| Employee benefit expense | | | |
| Salary expenses | 1,465,416 | 764,910 | 2,230,326 |
| Retirement pension | 128,635 | 53,154 | 181,789 |
| Other employee benefits | 138,983 | 97,818 | 236,801 |
| Depreciation expenses | 294,192 | 104,475 | 398,667 |

c. Compensation of employees and remuneration of directors

According to the Articles, the Company accrued compensation of employees and remuneration of directors at rates of no less than 3%-10% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2024 and 2023, which have been approved by the Company's board of directors in February, 2025 and 2024, respectively, are as follows:

| | For the Year Ended December 31 | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | Accrual Rate | Amount | Accrual Rate | Amount |
| Compensation of employees | 4.20% | $ 92,786 | 4.52% | $ 85,546 |
| Remuneration of directors | 1.58% | 34,864 | 1.70% | 32,150 |

If there is a change in the amounts after the annual consolidated financial statements were authorized for issuance, the differences will be recorded as a change in the accounting estimate in the following year.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 20. INCOME TAXES

a. Major components of income tax expense recognized in profit or loss

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Current tax | | |
| In respect of the current year | $ 687,643 | $ 424,622 |
| Income tax on unappropriated earnings | 22,961 | 66,197 |
| Adjustments for prior years | 21,981 | 4,622 |
| | 732,585 | 495,441 |
| Deferred tax | | |
| In respect of the current year | (89,305) | 17,880 |
| Adjustments for prior years | (7,948) | - |
| | (97,253) | 17,880 |
| Income tax expense recognized in profit or loss | $ 635,332 | $ 513,321 |

A reconciliation of accounting profit and income tax expense was as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Income tax expense calculated at the statutory rate | $ 713,000 | $ 547,916 |
| Permanent differences | (114,766) | (105,414) |
| Temporary differences | 104 | - |
| Income tax on unappropriated earnings | 22,961 | 66,197 |
| Adjustments for prior years' tax | 14,033 | 4,622 |
| Income tax expense recognized in profit or loss | $ 635,332 | $ 513,321 |

b. Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

| | For the Year Ended December 31, 2024 | | | |
|---|---|---|---|---|
| | Beginning Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Ending Balance |
| Deferred Tax Assets | | | | |
| Temporary differences | | | | |
| Exchange differences on translating the financial statements of foreign operations | $ 62,364 | $ - | $ (58,200) | $ 4,164 |
| Deferred revenue | 6,721 | (2,233) | - | 4,488 |
| Property, plant and equipment impairment loss | 5,220 | (1,963) | - | 3,257 |
| Unrealized loss on inventories | 18,339 | (1,143) | - | 17,196 |
| Unrealized exchange losses | 7,819 | (7,819) | - | - |
| Others | 1,238 | (108) | - | 1,130 |
| | $ 101,701 | $ (13,266) | $ (58,200) | $ 30,235 |
| Deferred Tax Liabilities | | | | |
| Temporary differences | | | | |
| Investment gains on investments accounted for using equity method | $ 516,937 | $ (116,535) | $ - | $ 400,402 |
| Unrealized exchange gains | - | 6,016 | - | 6,016 |
| Reserve for land value increment tax | 8,707 | - | - | 8,707 |
| | $ 525,644 | $ (110,519) | $ - | $ 415,125 |

| | For the Year Ended December 31, 2023 | | | |
|---|---|---|---|---|
| | Beginning Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Ending Balance |
| Deferred Tax Assets | | | | |
| Temporary differences | | | | |
| Exchange differences on translating the financial statements of foreign operations | $ 51,700 | $ - | $ 10,664 | $ 62,364 |
| Deferred revenue | 21,490 | (14,769) | - | 6,721 |
| Property, plant and equipment impairment loss | 8,868 | (3,648) | - | 5,220 |
| Unrealized loss on inventories | 13,298 | 5,041 | - | 18,339 |
| Unrealized exchange losses | 4,365 | 3,454 | - | 7,819 |
| Others | 2,243 | (1,005) | - | 1,238 |
| | $ 101,964 | $ (10,927) | $ 10,664 | $ 101,701 |
| Deferred Tax Liabilities | | | | |
| Temporary differences | | | | |
| Investment gains on investments accounted for using equity method | $ 509,984 | $ 6,953 | $ - | $ 516,937 |
| Reserve for land value increment tax | 8,707 | - | - | 8,707 |
| | $ 518,691 | $ 6,953 | $ - | $ 525,644 |

c. Income tax assessments

The tax returns through 2022 of the Company have been assessed by the tax authorities.

## 21. EARNINGS PER SHARE

| | Net Profit Attributable to Owners of the Company | Number of Shares (In Thousands) | Earnings Per Share (NT$) |
|---|---|---|---|
| For the Year Ended December 31, 2024 | | | |
| Basic earnings per share | | | |
| Net income for the year attributable to owners of the Company | $ 1,712,809 | 90,820 | $18.86 |
| Effect of potentially dilutive ordinary shares: | | | |
| Employees' compensation | - | 528 | |
| Diluted earnings per share | | | |
| Net income for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares | $ 1,712,809 | 91,348 | $18.75 |

| | Net Profit Attributable to Owners of the Company | Number of Shares (In Thousands) | Earnings Per Share (NT$) |
|---|---|---|---|
| For the Year Ended December 31, 2023 | | | |
| Basic earnings per share | | | |
| Net income for the year attributable to owners of the Company | $ 1,415,377 | 90,820 | $15.58 |
| Effect of potentially dilutive ordinary shares: | | | |
| Employees' compensation | - | 556 | |
| Diluted earnings per share | | | |
| Net income for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares | $ 1,415,377 | 91,376 | $15.49 |

If the Group offered to settle the compensation of employees in cash or shares, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 22. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, capital surplus, retained earnings, and other equity).

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel of the Group consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the key management personnel, the Group expects to balance its capital structure through the payment of dividends, issuance of new shares, repurchase of shares and issuance of new debt or repayment of old debt.

## 23. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

   Management of the Group consider the carrying amounts of the Group's financial instruments that are not measured at fair value as close to their fair values or their fair values could not be reasonably measured.

b. Categories of financial instruments

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Financial assets | | |
| Financial assets at amortized cost | $ 9,196,378 | $ 7,149,277 |
| Financial liabilities | | |
| Financial liabilities at amortized cost | 4,799,606 | 3,445,336 |

The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, trade receivables, other receivables, and refundable deposits.

The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes and trade payables, other payables, long-term borrowings (including those due within one year), and guarantee deposits.

c. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables, lease liabilities, and borrowings. The Group's financial department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There is no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group enters into foreign currency denominated sales and purchases, which expose the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 27.

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the NTD against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. The following table shows the amount by which pre-tax profit will change when the NTD increases or decreases by 1% against the relevant currency.

| | For the Year Ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Profit or loss | $ 74,218 | $ 43,971 |

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

| | December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Fair value interest rate risk | | |
| Financial assets | $ 3,802,521 | $ 3,658,633 |
| Financial liabilities | 3,132,638 | 2,390,320 |
| Cash flow interest rate risk | | |
| Financial assets | 3,234,007 | 1,846,841 |
| Financial liabilities | 668,630 | 349,691 |

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 1% basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

For the Group's financial assets and liabilities with floating interest rates, if the interest rate were to increase or decrease by 1%, and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2024 and 2023 would decreased/increased by $25,654 thousand and $14,971 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Group adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group continuously monitors its exposure to credit risk and the credit ratings of its counterparties, and allocates the total transaction amount among the creditworthy customers. The Group's management also controls credit risk by reviewing the credit limits of its counterparties on an annual basis.

The Group also continuously evaluates the financial status of the customers of the accounts receivable, and purchases credit guarantee insurance contracts when necessary.

The Group's concentration of credit risk of 46% and 51% of total trade receivables as of December 31, 2024 and 2023, respectively, was attributable to the Group's five largest customers in the property construction business segment.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. The Group had available unutilized bank loan facilities set out as follows:

| | **December 31** | |
|---|---|---|
| | **2024** | **2023** |
| Amount unutilized | $ 9,857,989 | $ 9,738,178 |

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

| | Less than 1 Year | More than 1 Years |
|---|---|---|
| December 31, 2024 | | |
| Non-interest bearing liabilities | $ 1,242,541 | $ 251 |
| Lease liabilities | 24,816 | 264,094 |
| Floating interest rate liabilities | - | 668,630 |
| Fix interest rate liabilities | 2,600,624 | 287,560 |
| | $ 3,867,981 | $ 1,220,535 |
| December 31, 2023 | | |
| Non-interest bearing liabilities | $ 981,479 | $ 217 |
| Lease liabilities | 49,534 | 273,681 |
| Floating interest rate liabilities | - | 349,691 |
| Fix interest rate liabilities | 1,876,190 | 237,759 |
| | $ 2,907,203 | $ 861,348 |

Further information on maturity analysis of the above financial liabilities was as follows:

| | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years | 15-20 Years | More than 20 Years |
|---|---|---|---|---|---|---|
| December 31, 2024 | | | | | | |
| Non-interest bearing liabilities | $ 1,242,541 | $ 251 | $ - | $ - | $ - | $ - |
| Lease liabilities | 24,816 | 77,606 | 94,570 | 60,304 | 8,905 | 22,709 |
| Floating interest rate liabilities | - | 598,980 | 69,650 | - | - | - |
| Fix interest rate liabilities | 2,600,624 | 287,560 | - | - | - | - |
| | $ 3,867,981 | $ 964,397 | $ 164,220 | $ 60,304 | $ 8,905 | $ 22,709 |
| December 31, 2023 | | | | | | |
| Non-interest bearing liabilities | $ 981,479 | $ 217 | $ - | $ - | $ - | $ - |
| Lease liabilities | 49,534 | 76,675 | 91,125 | 74,570 | 8,350 | 22,961 |
| Floating interest rate liabilities | - | 225,842 | 123,849 | - | - | - |
| Fix interest rate liabilities | 1,876,190 | 237,759 | - | - | - | - |
| | $ 2,907,203 | $ 540,493 | $ 214,974 | $ 74,570 | $ 8,350 | $ 22,961 |

## 24. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Compensation of key management personnel

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Short-term employee benefits | $ 75,398 | $ 73,774 |
| Post-employment benefits | 673 | 816 |
| | $ 76,071 | $ 74,590 |

The remuneration of directors and key management personnel was determined by the remuneration committee based on the performance of individuals and market trends.

## 25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the deposits for electricity company and performance bond:

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Financial assets at amortized cost | $ 20,278 | $ 20,228 |

## 26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. The Company insures liability insurance for products sold all regions of the world. The renewal period for bicycle products is from December 1, 2024 to December 1, 2025. The maximum compensation amount for a single event is US$6,000 thousand, and the cumulative compensation amount is US$8,000 thousand. The renewal period for helmet products is from April 1, 2024 to April 1, 2025. The maximum compensation amount for a single event is US$5,000 thousand, and the cumulative compensation amount is US$6,000 thousand. The renewal period for aviation products is from August 1, 2024 to August 1, 2025. The maximum compensation amount for a single event is US$1,000 thousand, and the cumulative compensation amount is US$2,000 thousand.

b. Unrecognized commitments were as follows:

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Acquisition of property, plant and equipment | $ 180,794 | $ 581,997 |

## 27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the functional currencies of the Group entities and the exchange rates between the foreign currencies and respective functional currencies were disclosed. The significant financial assets and liabilities denominated in foreign currencies were as follows:

| | Foreign Currency (In USD) | Exchange Rate | Carrying Amount (In NTD) |
|---|---|---|---|
| December 31, 2024 | | | |
| Financial assets | | | |
| Monetary items | $ 278,828 | 32.78 | $ 9,140,256 |
| Financial liabilities | | | |
| Monetary items | 52,422 | 32.78 | 1,718,452 |
| December 31, 2023 | | | |
| Financial assets | | | |
| Monetary items | $ 181,030 | 30.74 | $ 5,563,936 |
| Financial liabilities | | | |
| Monetary items | 37,963 | 30.74 | 1,166,808 |

The significant realized and unrealized foreign exchange gains (losses) were as follows:

| | For the Year Ended December 31 | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| Foreign Currency | Exchange Rate | Net Foreign Exchange Gains (Losses) | Exchange Rate | Net Foreign Exchange Gains (Losses) |
| NTD | 1 (USD:NTD) | $ 193,209 | 1 (USD:NTD) | $ (43,176) |
| USD | 32.11 (USD:NTD) | 2,942 | 31.16 (USD:NTD) | (19,201) |
| RMB | 4.46 (RMB:NTD) | 70,064 | 4.4 (RMB:NTD) | 47,884 |

## 28. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. Information on investees:

1) Financing provided to others (None).

2) Endorsements/guarantees provided (Table 1).

3) Marketable securities held (excluding investments in subsidiaries) (Table 2).

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None).

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (Table 3).

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None).

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4).

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 5).

9) Trading in derivative instruments (None).

10) Intercompany relationships and significant intercompany transactions (Table 6).

11) Information on investees (Table 7).

c. Information on investments in mainland China.

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 8):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

## 29. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as sporting products, aviation and medical products, and others.

a. Segment revenue and operating results

| | Segment Revenue | | Segment Profit or Loss | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Sporting products | $ 7,616,984 | $ 7,566,285 | $ 1,465,024 | $ 1,324,835 |
| Aviation and medical products | 741,102 | 685,792 | 240,657 | 236,539 |
| Others | 1,120,029 | 1,014,470 | 171,237 | 141,767 |
| Generated from continuing operating segment | $ 9,478,115 | $ 9,266,547 | 1,876,918 | 1,703,141 |
| Finance costs | | | (69,071) | (94,435) |
| Interest income | | | 279,221 | 230,669 |
| Government grants income | | | 36,771 | 88,964 |
| Other gains | | | 45,507 | 73,110 |
| Gains on disposal of property, plant and equipment | | | 1,527 | 7,669 |
| Foreign exchange gains (losses) | | | 266,215 | (14,493) |
| Reversal of impairment loss on property, plant and equipment | | | 224 | 8,664 |
| Other losses | | | (10,243) | (6,533) |
| Income before income tax | | | $ 2,427,069 | $ 1,996,756 |

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales for the years ended December 31, 2024 and 2023.

Segment profit represents the gains and losses earned by each segment excluding finance costs, interest income, government grants income, other gains, gains on disposal of property, plant and equipment, foreign exchange gains (losses), reversal of impairment loss on property, plant and equipment, other losses and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Total segment assets and liabilities

The Group does not provide reporting segment information for operational decision maker, so the measurement of assets and liabilities are zero.

c. Geographical information

The Group operates in three principal geographical areas - Asia, Europe, and America.

Revenue from continuing operations of the Group from external customers by location of operations and information about its non-current assets by location of assets were as follows.

| | Revenue from External Customers | | Non-current Assets | |
|---|---|---|---|---|
| | For the Year Ended December 31 | | December 31 | |
| | 2024 | 2023 | 2024 | 2023 |
| Asia | $ 6,088,115 | $ 5,757,898 | $ 5,217,967 | $ 4,778,388 |
| Europe | 2,359,418 | 2,077,099 | - | - |
| America | 959,432 | 1,210,296 | - | - |
| Others | 71,150 | 221,254 | - | - |
| | $ 9,478,115 | $ 9,266,547 | $ 5,217,967 | $ 4,778,388 |

Non-current assets exclude deferred tax assets.

d. Information of major customers

Single customer contributed 10% or more to the Group’s revenue as below:

| | For the Year Ended December 31 | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| Name | Amount | % | Amount | % |
| Customer A | $ 1,677,442 | 18 | $ 1,152,018 | 12 |
| Customer B | 1,137,099 | 12 | 1,386,584 | 15 |

TABLE 1

# TOPKEY CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| No. | Endorser/Guarantor | Endorsee/Guarantee | | Limit on Endorsement/ Guarantee Given on Behalf of Each Party | Maximum Amount Endorsed/ Guaranteed During the Period (Note 2) | Outstanding Endorsement/ Guarantee at the End of the Period (Note 2) | Actual Amount Borrowed (Note 3) | Amount Endorsed/ Guaranteed by Collateral | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) | Aggregate Endorsement/ Guarantee Limit | Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries | Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent | Endorsement/ Guarantee Given on Behalf of Companies in Mainland China |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Name | Relationship | | | | | | | | | | |
| 0 | The Company | NSI | Indirectly owned subsidiary | $ 4,603,560 (Note 1) | $ 131,344 | $ 131,124 | $ - | $ - | 1 | $ 4,603,560 (Note 1) | Y | - | - |
| | | Topkey (VN) Corp | Directly owned subsidiary | 4,603,560 (Note 1) | 1,477,620 | 1,475,145 | 674,534 | - | 16 | 4,603,560 (Note 1) | Y | - | - |
| | | XPT Investment | Indirectly owned subsidiary | 2,762,136 (Note 1) | 65,672 | - | - | - | - | 2,762,136 (Note 1) | Y | - | - |

Note 1: 30% of the net equity of the company in their latest financial statement. If the company hold 100% voting rights directly or indirectly, no more than 50% of the net equity of the company in their latest financial statement.

Note 2: Highest balance for the year and ending balance are the quota approved by board of directors as reporting amount and exchange by foreign amount in reporting month multiply by New Taiwan dollar exchange rate in reporting month.

Note 3: Actual amount borrowed is actual foreign amount borrowed multiply New Taiwan dollar exchange rate in reporting month.

**TABLE 2**

# TOPKEY CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD**
**DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2024 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Number of Shares | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| The Company | Stock | | | | | | | |
| | Yue Pfong | - | Financial assets at FVTOCI - non-current | 190 | $ - | 1 | $ - | |

Note: Refer to Tables 7 and 8 for information on subsidiary investments.

## TOPKEY CORPORATION AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars or Foreign Currency)**

| Company Name | Property | Event Date (Note 1) | Transaction Amount (Note 2) | Payment Status | Counterparty | Relationship | Information on Previous Title Transfer If Counterparty Is A Related Party: Property Owner | Relationship | Transaction Date | Amount | Pricing Reference | Purpose of Acquisition | Other Terms |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| The Company | Engaging others to build on rented land | 2022.1.21 | $ 1,866,667 | $ 1,792,000 | Earth Power Construction Co., Ltd. | - | - | - | - | $ - | The price is referred to market quotation and negotiated by both parties | To meet the needs of operations | - |
| | Engaging others to build on rented land | 2022.6.1 | 670,000 | 609,700 | Chang Jia M&E Engineering Corp. | - | - | - | - | - | The price is referred to market quotation and negotiated by both parties | To meet the needs of operations | - |
| Keentech | Engaging others to build on rented land | 2022.8.4 | CNY 55,600 | CNY 53,630 | The Eighth Engineering Bureau Of China City Investment Group Co., Ltd. | - | - | - | - | - | The price is referred to market quotation and negotiated by both parties | To meet the needs of operations | - |

Note 1: The date of occurrence means the date of transaction signing, date of payment, date of execution of a trading order, date of title transfer, date of a resolution of the board of directors, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

Note 2: Contract amount.

# TOPKEY CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Buyer | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts Receivable (Payable) | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchases/ Sales | Amount | % of Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % of Total | |
| The Company | NSI | Indirectly owned subsidiary | Sales | $ (102,000) | (1) | T/T 90 days | $ - | - | $ 17,163 | 1 | |
| | Keentech | Indirectly owned subsidiary | Sales | (166,847) | (2) | T/T 90 days | - | - | 62,332 | 4 | |
| | | | Purchases | 4,579,256 | 78 | T/T 90 days | - | - | (1,347,420) | (81) | |
| | Yeu Chuan | Indirectly owned subsidiary | Purchases | 393,819 | 7 | T/T 90 days | - | - | (138,858) | (8) | |
| NSI | Keentech | Investment accounted for using the equity method | Sales | (747,277) | (45) | T/T 60 days | - | - | 105,591 | 37 | |
| | | | Purchases | 724,194 | 49 | T/T 60 days | - | - | (141,114) | (97) | |
| XPT Investment | Xin Hong Zhou | XPT Investment's subsidiary | Purchases | 465,606 | 100 | T/T 75-90 days | - | - | (107,588) | (100) | |
| Keentech | Topkey (VN) Corp | Subsidiary of the ultimate parent company | Sales | (183,883) | (3) | T/T 90 days | - | - | 73,431 | 5 | |

Note: Transactions have been eliminated.

## TOPKEY CORPORATION AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL**
**DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Company Name | Related Party | Relationship | Ending Balance | Turnover Rate | Overdue | | Amount Received in Subsequent Period | Allowance for Impairment Loss |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Actions Taken | | |
| Keentech | The Company | The ultimate parent of Keentech | $ 1,347,420 | 2.00 | $ - | - | $ 405,697 | $ - |
| Keentech | NSI | The parent for using the equity method of Keentech | 141,114 | 2.53 | - | - | 60,821 | - |
| Yeu Chuan | The Company | The ultimate parent of Yeu Chuan | 138,858 | 1.77 | - | - | 20,154 | - |
| Xin Hong Zhou | XPT Investment | The parent of Xin Hong Zhou | 107,588 | 2.39 | - | - | 38,737 | - |
| NSI | Keentech | Investment accounted for using the equity method | 105,591 | 4.10 | - | - | 86,479 | - |

Note: Transactions have been eliminated.

TABLE 6

# TOPKEY CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(Amounts in Thousands of New Taiwan Dollars)**

| No. | Investee Company | Counterparty | Relationship (Note 1) | Transaction Details | | | |
|---|---|---|---|---|---|---|---|
| | | | | Financial Statement Accounts | Amount (Note 2) | Payment Terms | % of Total Sales or Assets |
| 0 | The Company | NSI | 1 | Sales | $ 102,000 | T/T 90 days | 1 |
| | | Keentech | 1 | Sales | 166,847 | T/T 90 days | 2 |
| | | | 1 | Purchases | 4,579,256 | T/T 90 days | 48 |
| | | | 1 | Trade payables | 1,347,420 | T/T 90 days | 8 |
| | | Yeu Chuan | 1 | Purchases | 393,819 | T/T 90 days | 4 |
| | | | 1 | Trade payables | 138,858 | T/T 90 days | 1 |
| 1 | NSI | Keentech | 2 | Sales | 747,277 | T/T 60 days | 8 |
| | | | 2 | Purchases | 724,194 | T/T 60 days | 8 |
| | | | 2 | Trade receivables | 105,591 | T/T 60 days | 1 |
| | | | 2 | Trade payables | 141,114 | T/T 60 days | 1 |
| 2 | XPT Investment | Xin Hong Zhou | 2 | Purchases | 465,606 | T/T 75-90 days | 5 |
| | | | 2 | Trade payables | 107,588 | T/T 75-90 days | 1 |
| 3 | Keentech | Topkey (VN) Corp | 2 | Sales | 183,883 | T/T 90 days | 2 |

Note 1: 1) From parent company to subsidiary.

2) From subsidiary to subsidiary.

Note 2: Transactions have been eliminated.

# TOPKEY CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTEES**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | As of December 31, 2024 | | | Net Income (Loss) of the Investee | Share of Profit (Loss) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2024 | December 31, 2023 | Number of Shares | % | Carrying Amount | | | |
| The Company | NSH | British Virgin Islands | International investment | $ 2,668,865 | $ 2,502,290 | 80,137 | 100 | $ 4,574,098 | $ 865,103 | $ 862,585 | Subsidiary |
| | Topkey (VN) Corp | Vietnam | Manufacture and sale of carbon fiber products, glass fiber products and composite components | 491,715 | 461,025 | - | 100 | 248,073 | (54,881) | (54,881) | Subsidiary |
| | XPT Taiwan | Taiwan | International trade | 21,096 | - | 2,110 | 70 | 21,028 | (97) | (68) | Subsidiary |
| NSH | EIC | Seychelles | International investment | 189,638 | 177,802 | 3,822 | 76 | 335,711 | 46,353 | (Note 1) | Indirectly owned subsidiary |
| | NSI | Hong Kong | International investment and trade | 411,008 | 385,355 | 12,498 | 100 | 1,703,652 | 297,428 | (Note 1) | Indirectly owned subsidiary |
| | Musonic | British Virgin Islands | International investment | 1,236,925 | 1,159,724 | 22,228 | 100 | 1,844,888 | 370,429 | (Note 1) | Indirectly owned subsidiary |
| | XPT Investment | Hong Kong | International investment and trade | 404,763 | 379,500 | 11,388 | 70 | 689,685 | 229,263 | (Note 1) | Indirectly owned subsidiary |

Note 1: Exempted according to regulations.

Note 2: Transactions have been eliminated.

Note 3: Refer to Table 8 for information on subsidiary investment in mainland China.

Note 4: Foreign amount in the Table is exchanged to New Taiwan dollars by rate on balance sheet date.

## TOPKEY CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Investee Company (Note 5) | Main Businesses and Products | Paid-in Capital | Method of Investment | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 2) | Carrying Amount as of December 31, 2024 (Note 2) | Accumulated Repatriation of Investment Income as of December 31, 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outward | Inward | | | | | | |
| Keentech | Manufacture and sale of carbon fiber products, glass fiber products and composite components | $ 1,507,926 | (Note 1) | $ 1,138,615 | $ - | $ - | $ 1,138,615 | $ 665,776 | 100 | $ 665,776 | $ 2,868,614 | $ 4,937,799 |
| Yeu Chuan | Manufacture of various helmets, glasses, and components of vehicles | 163,905 | (Note 1) | 90,148 | - | - | 90,148 | 72,861 | 76 | 55,695 | 331,892 | 637,166 |
| Xin Hong Zhou | Development, design and manufacture of various precision molds, processing of various plastic and rubber products | 504,008 | (Note 1) | 276,180 | - | - | 276,180 | 235,011 | 70 | 165,260 | 588,109 | 342,789 |
| Valver | Manufacture of water gage and HRNT | 40,976 | (Note 1) | 49,598 | - | - | 49,598 | (9,634) | 100 | (9,634) | 48,606 | 54,739 |

| Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2024 | Investment Amount Authorized by the Investment Commission, MOEA | Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA |
|---|---|---|
| $ 1,554,541 (USD 47,422) | $ 2,178,822 (USD 66,466) | (Note 3) |

Note 1: The investment was made through a company established in a third country, which in turn invested in company located in mainland China.

Note 2: The investment gain (loss) are recognized according to the financial statements audited by the Company's independent auditors.

Note 3: The Company had obtained the certification documents issued by the Industrial Bureau of the Ministry of Economic Affairs to meet the operating scope of operational headquarters with "Regulation Governing the Examination of Investment or Technical Cooperation in Mainland China" noticed by the Ministry of Economic Affairs on August 29, 2008.

Note 4: Foreign amount in the Table is exchanged to New Taiwan dollars by rate on balance sheet date.

Note 5: Transactions have been eliminated.

**TABLE 9**

# TOPKEY CORPORATION AND SUBSIDIARIES

**INFORMATION OF MAJOR SHAREHOLDERS**
**DECEMBER 31, 2024**

| Name of Major Shareholder | Shares | |
|---|---|---|
| | Number of Shares | Percentage of Ownership |
| Shen Wen Chen | 9,654,182 | 10.63% |

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.