

**MAKALOT INDUSTRIAL CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2024 and 2023**

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

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Independent Auditors' Review Report

To the Board of Directors
Makalot Industrial Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Makalot Industrial Co., Ltd. and its subsidiaries (the “Group”) as of June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the changes in equity and cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$2,877,420 thousand and \$2,437,179 thousand, constituting 12.36% and 11.05% of the consolidated total assets; the total liabilities amounting to \$1,626,998 thousand and \$1,238,012 thousand, constituting 17.89% and 14.92% of the consolidated total liabilities as of June 30, 2024 and 2023, respectively; as well as the total comprehensive income amounting to \$73,234 thousand, \$53,459 thousand, \$161,939 thousand and \$100,391 thousand, constituting 7.69%, 5.86%, 7.12% and 5.47% of the consolidated total comprehensive income, and the total net income amounting to \$65,341 thousand, \$43,353 thousand, \$115,258 thousand and \$94,544 thousand, constituting 7.37%, 5.25%, 5.73% and 5.31% of the consolidated total net income for the three months and six months ended June 30, 2024 and 2023, respectively.

Furthermore, as stated in Note 6(e), investments accounted for using equity method of the Group amounting to \$412,141 thousand and \$322,608 thousand as of June 30, 2024 and 2023, respectively, and the share of profit (loss) of investments accounted for using equity method from these investee companies amounting to \$24,431 thousand, \$18,437 thousand, \$44,823 thousand and \$30,016 thousand for the three months and six months ended June 30, 2024 and 2023, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2024 and 2023, and of its consolidated financial performance for the three months and six months then ended, as well as its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Yu, Chi-Lung and Lin, Heng-Shen.

KPMG

Taipei, Taiwan (Republic of China)
August 2, 2024

Notes to Readers

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

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

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

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES**Consolidated Balance Sheets****June 30, 2024, December 31, 2023, and June 30, 2023****(Expressed in thousands of New Taiwan Dollars)**

		June 30, 2024		December 31, 2023		June 30, 2023						June 30, 2024		December 31, 2023		June 30, 2023	
Assets		Amount	%	Amount	%	Amount	%			Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:										Current liabilities:							
1100	Cash and cash equivalents (notes 6(a)(u))	\$ 2,320,730	10	3,014,226	12	2,146,007	9	2100	Short-term borrowings (notes 6(j)(u) and 8)	\$ 1,490,980	6	1,553,224	6	1,530,285	7		
1110	Current financial assets at fair value through profit or loss (notes 6(b)(u))	207,896	1	211,845	1	164,594	1	2170	Accounts payable (note 6(u))	2,654,308	11	2,052,442	8	1,883,502	9		
1170	Accounts receivable, net (notes 6(c)(r)(u))	858,080	4	1,526,570	6	1,998,266	9	2180	Accounts payable to related parties (notes 6(u) and 7)	168,611	1	134,348	1	151,903	1		
1310	Inventories, manufacturing (note 6(d))	5,669,742	24	4,843,329	20	5,235,292	24	2200	Other payables (note 6(u))	3,121,722	13	3,181,517	13	2,895,954	13		
1476	Other financial assets-current (notes 6(c)(u) and 7)	7,092,741	30	8,542,938	34	5,587,589	25	2230	Current tax liabilities	601,920	3	992,379	4	521,690	2		
1479	Other current assets-others (note 6(i))	381,576	2	279,653	1	383,020	2	2251	Current provisions for employee benefits	63,713	-	64,686	-	57,645	-		
		<u>16,530,765</u>	<u>71</u>	<u>18,418,561</u>	<u>74</u>	<u>15,514,768</u>	<u>70</u>	2259	Other short-term provisions (note 6(l))	452,075	2	451,582	2	527,435	2		
Non-current assets:								2280	Current lease liabilities (notes 6(m)(u)(x))	101,646	1	89,434	1	117,701	1		
1550	Investments accounted for using equity method (note 6(e))	412,141	2	364,412	1	322,608	2	2322	Long-term borrowings, current portion (notes 6(k)(u))	-	-	-	-	91,848	1		
1600	Property, plant and equipment (notes 6(f) and 8)	5,455,301	23	5,263,761	21	5,281,255	24	2399	Other current liabilities-others	46,585	-	77,765	-	85,724	-		
1755	Right-of-use assets (notes 6(g)(x))	280,970	1	232,388	1	308,020	1			<u>8,701,560</u>	<u>37</u>	<u>8,597,377</u>	<u>35</u>	<u>7,863,687</u>	<u>36</u>		
1821	Other intangible assets, net (note 6(h))	28,389	-	24,987	-	25,613	-	2570	Deferred tax liabilities	26,008	-	38,751	-	68,232	-		
1840	Deferred tax assets	143,291	1	153,428	1	160,661	1	2580	Non-current lease liabilities (notes 6(m)(u)(x))	104,002	1	70,738	-	105,979	1		
1900	Other non-current assets (notes 6(i), (u), 8 and 9)	437,594	2	418,204	2	434,529	2	2640	Net defined benefit liability—non-current	239,190	1	220,128	1	238,028	1		
		<u>6,757,686</u>	<u>29</u>	<u>6,457,180</u>	<u>26</u>	<u>6,532,686</u>	<u>30</u>	2670	Other non-current liabilities-others	23,712	-	21,908	-	22,811	-		
										<u>392,912</u>	<u>2</u>	<u>351,525</u>	<u>1</u>	<u>435,050</u>	<u>2</u>		
										<u>9,094,472</u>	<u>39</u>	<u>8,948,902</u>	<u>36</u>	<u>8,298,737</u>	<u>38</u>		
										Total liabilities							
										Equity (note 6(p))							
								3110	Ordinary share	2,418,566	10	2,418,566	10	2,418,566	11		
								3150	Stock dividend to be distributed	48,371	-	-	-	-	-		
								3200	Capital surplus	6,166,333	27	6,214,704	25	6,214,704	28		
								3300	Retained earnings	5,220,620	22	7,209,096	29	4,970,778	23		
								3410	Exchange differences on translation of foreign financial statements	238,776	1	(23,084)	-	54,033	-		
										<u>14,092,666</u>	<u>60</u>	<u>15,819,282</u>	<u>64</u>	<u>13,658,081</u>	<u>62</u>		
										Total equity attributable to owners of parent							
								36XX	Non-controlling interests	101,313	1	107,557	-	90,636	-		
										<u>14,193,979</u>	<u>61</u>	<u>15,926,839</u>	<u>64</u>	<u>13,748,717</u>	<u>62</u>		
										Total equity							
Total assets		<u>\$ 23,288,451</u>	<u>100</u>	<u>24,875,741</u>	<u>100</u>	<u>22,047,454</u>	<u>100</u>			<u>\$ 23,288,451</u>	<u>100</u>	<u>24,875,741</u>	<u>100</u>	<u>22,047,454</u>	<u>100</u>		
										Total liabilities and equity							

See accompanying notes to financial statements.

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

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the three months and six months ended June 30, 2024 and 2023****(Expressed in thousands of New Taiwan Dollars , except for earnings per share)**

		For the three months ended June 30				For the six months ended June 30			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue, net (note 6(r))	\$ 7,694,161	100	7,224,107	100	16,302,190	100	15,058,368	100
5000	Operating costs (notes 6(d), (n), 7 and 12)	<u>5,759,159</u>	<u>75</u>	<u>5,446,937</u>	<u>75</u>	<u>12,030,148</u>	<u>74</u>	<u>11,304,585</u>	<u>75</u>
	Gross profit from operations	1,935,002	25	1,777,170	25	4,272,042	26	3,753,783	25
	Operating expenses (notes 6(c), (m), (n), (s), 7 and 12):								
6100	Selling expenses	422,978	5	388,974	6	951,578	6	792,867	5
6200	Administrative expenses	395,640	5	385,461	5	857,775	5	741,374	5
6450	Impairment loss (reversal of impairment loss) in accordance with IFRS 9	<u>(3,176)</u>	-	<u>12,187</u>	-	<u>(8,506)</u>	-	<u>11,970</u>	-
	Total operating expenses	<u>815,442</u>	<u>10</u>	<u>786,622</u>	<u>11</u>	<u>1,800,847</u>	<u>11</u>	<u>1,546,211</u>	<u>10</u>
	Net operating income	<u>1,119,560</u>	<u>15</u>	<u>990,548</u>	<u>14</u>	<u>2,471,195</u>	<u>15</u>	<u>2,207,572</u>	<u>15</u>
	Non-operating income and expenses:								
7100	Interest income (note 6(t))	23,554	-	19,370	-	54,560	-	44,227	-
7010	Other income (note 6(t))	12,031	-	11,405	-	17,518	-	17,017	-
7020	Other gains and losses (notes 6(t)(u))	15,062	-	67,279	1	109,747	1	78,656	1
7050	Finance costs (notes 6(m)(t))	(79,729)	-	(58,662)	(1)	(163,739)	(1)	(123,527)	(1)
7060	Share of profit (loss) of associates accounted for using equity method	<u>24,431</u>	-	<u>18,437</u>	-	<u>44,823</u>	-	<u>30,016</u>	-
	Total non-operating income and expenses	<u>(4,651)</u>	-	<u>57,829</u>	-	<u>62,909</u>	-	<u>46,389</u>	-
7900	Profit before income tax	1,114,909	15	1,048,377	14	2,534,104	15	2,253,961	15
7950	Less: Income tax expenses (note 6(o))	<u>227,877</u>	<u>3</u>	<u>222,010</u>	<u>3</u>	<u>522,786</u>	<u>3</u>	<u>474,459</u>	<u>3</u>
	Profit	<u>887,032</u>	<u>12</u>	<u>826,367</u>	<u>11</u>	<u>2,011,318</u>	<u>12</u>	<u>1,779,502</u>	<u>12</u>
8300	Other comprehensive income:								
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of foreign financial statements	65,732	-	85,273	1	262,538	2	54,590	-
8399	Income tax related to components of other comprehensive income that may be reclassified to profit or loss	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-
	Components of other comprehensive income that may be reclassified subsequently to profit or loss	<u>65,732</u>	-	<u>85,273</u>	<u>1</u>	<u>262,538</u>	<u>2</u>	<u>54,590</u>	-
8300	Other comprehensive income	<u>65,732</u>	-	<u>85,273</u>	<u>1</u>	<u>262,538</u>	<u>2</u>	<u>54,590</u>	-
	Comprehensive income	<u>\$ 952,764</u>	<u>12</u>	<u>911,640</u>	<u>12</u>	<u>2,273,856</u>	<u>14</u>	<u>1,834,092</u>	<u>12</u>
	Profit attributable to:								
	Owners of parent	\$ 858,990	12	804,552	11	1,977,972	12	1,752,501	12
	Non-controlling interests	<u>28,042</u>	-	<u>21,815</u>	-	<u>33,346</u>	-	<u>27,001</u>	-
		<u>\$ 887,032</u>	<u>12</u>	<u>826,367</u>	<u>11</u>	<u>2,011,318</u>	<u>12</u>	<u>1,779,502</u>	<u>12</u>
	Comprehensive income attributable to:								
8710	Owners of parent	\$ 924,534	12	890,502	12	2,239,832	14	1,807,738	12
8720	Non-controlling interests	<u>28,230</u>	-	<u>21,138</u>	-	<u>34,024</u>	-	<u>26,354</u>	-
		<u>\$ 952,764</u>	<u>12</u>	<u>911,640</u>	<u>12</u>	<u>2,273,856</u>	<u>14</u>	<u>1,834,092</u>	<u>12</u>
	Earnings per share (note 6(q))								
9750	Basic earnings per share (in dollars)	<u>\$ 3.55</u>		<u>3.33</u>		<u>8.18</u>		<u>7.25</u>	
9850	Diluted earnings per share (in dollars)	<u>\$ 3.55</u>		<u>3.32</u>		<u>8.16</u>		<u>7.22</u>	

See accompanying notes to financial statements.

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

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the six months ended June 30, 2024 and 2023****(Expressed in thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent										
	Retained earnings							Other equity			
	Ordinary shares	Stock dividend to be distributed	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2023	\$ 2,418,566	-	6,214,704	2,489,062	380,119	3,856,016	6,725,197	(1,204)	15,357,263	87,765	15,445,028
Profit	-	-	-	-	-	1,752,501	1,752,501	-	1,752,501	27,001	1,779,502
Other comprehensive income	-	-	-	-	-	-	-	55,237	55,237	(647)	54,590
Total comprehensive income	-	-	-	-	-	1,752,501	1,752,501	55,237	1,807,738	26,354	1,834,092
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	-	356,350	-	(356,350)	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(378,915)	378,915	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(3,506,920)	(3,506,920)	-	(3,506,920)	-	(3,506,920)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(23,483)	(23,483)
Balance at June 30, 2023	\$ 2,418,566	-	6,214,704	2,845,412	1,204	2,124,162	4,970,778	54,033	13,658,081	90,636	13,748,717
Balance at January 1, 2024	\$ 2,418,566	-	6,214,704	2,845,412	1,204	4,362,480	7,209,096	(23,084)	15,819,282	107,557	15,926,839
Profit	-	-	-	-	-	1,977,972	1,977,972	-	1,977,972	33,346	2,011,318
Other comprehensive income	-	-	-	-	-	-	-	261,860	261,860	678	262,538
Total comprehensive income	-	-	-	-	-	1,977,972	1,977,972	261,860	2,239,832	34,024	2,273,856
Appropriation and distribution of retained earnings:											
Special reserve	-	-	-	-	21,880	(21,880)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(3,966,448)	(3,966,448)	-	(3,966,448)	-	(3,966,448)
Stock dividends from capital surplus	-	48,371	(48,371)	-	-	-	-	-	-	-	-
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(40,268)	(40,268)
Balance at June 30, 2024	\$ 2,418,566	48,371	6,166,333	2,845,412	23,084	2,352,124	5,220,620	238,776	14,092,666	101,313	14,193,979

See accompanying notes to financial statements.

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

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the six months ended June 30, 2024 and 2023****(Expressed in thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2024	2023
Cash flows from operating activities:		
Profit before tax	\$ 2,534,104	2,253,961
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	275,864	262,527
Amortization expense	4,950	5,840
Expected credit impairment loss (reversal of impairment loss)	(8,506)	11,970
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	28,693	(22,158)
Interest expense	163,739	123,527
Interest income	(54,560)	(44,227)
Share of gains of investments accounted for using equity method	(44,823)	(30,016)
Gain on disposal of property, plant and equipment	(99)	(984)
Gain on disposal of investments	(48,418)	(35,740)
Gain on lease modification	-	(26)
Others	-	(7,361)
Total adjustments to reconcile profit	316,840	263,352
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	676,996	(811,639)
Inventories	(826,413)	5,730
Other financial assets	426,302	1,578,537
Other operating assets	(99,692)	(139,311)
Total changes in operating assets	177,193	633,317
Changes in operating liabilities:		
Accounts payable	601,866	142,819
Accounts payable—related parties	34,263	33,508
Other payables	(88,968)	(95,568)
Other current liabilities	(31,180)	(42,420)
Accrued pension liabilities	19,062	19,961
Other operating liabilities	30,334	27,051
Total changes in operating liabilities	565,377	85,351
Total changes in operating assets and liabilities	742,570	718,668
Total adjustments	1,059,410	982,020
Cash inflow generated from operations	3,593,514	3,235,981
Interest received	59,149	42,383
Interest paid	(150,037)	(118,344)
Income taxes paid	(963,982)	(892,661)
Net cash flows from operating activities	2,538,644	2,267,359
Cash flows from investing activities:		
Decrease in financial assets designated at fair value through profit or loss	23,674	48,022
Increase in long-term prepayments	(6,994)	(5,516)
Acquisition of property, plant and equipment	(244,866)	(195,328)
Proceeds from disposal of property, plant and equipment	1,293	7,781
Increase in refundable deposits	(3,712)	(818)
Acquisition of intangible assets	(8,136)	(2,817)
Decrease in other financial assets	1,017,591	1,155,230
Dividends received	-	1,266
Net cash flows from investing activities	778,850	1,007,820
Cash flows used in financing activities:		
Decrease in short-term borrowings	(62,244)	(222,251)
Repayments of long-term borrowings	-	(82,010)
Payment of lease liabilities	(65,105)	(66,997)
Cash dividends paid	(3,966,448)	(3,506,920)
Changes in non-controlling interests	-	(12)
Cash dividends paid to non-controlling interests	(40,268)	(23,471)
Net cash flows used in financing activities	(4,134,065)	(3,901,661)
Effect of exchange rate changes on cash and cash equivalents	123,075	12,071
Net decrease in cash and cash equivalents	(693,496)	(614,411)
Cash and cash equivalents at beginning of period	3,014,226	2,760,418
Cash and cash equivalents at end of period	\$ 2,320,730	2,146,007

See accompanying notes to financial statements.

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

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

(1) Company history

Makalot Industrial Co., Ltd. (the Company) was incorporated on January 10, 1990 and registered with the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 8F, No.550, Sec. 4 Zhongxiao E. Rd., Taipei City. The Company and its subsidiaries (the Group) is primarily involved in the manufacturing and processing of garments.

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

The consolidated financial statements were authorized for issuance by the Board of Directors on August 2, 2024.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 "Lack of Exchangeability"

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11

(4) Summary of material accounting policies

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

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2023.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Principal activity	Ownership %			Note
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company	PT Crystal Garment (PT Crystal)	Manufacture of garments	- %	99.776 %	99.776 %	Note 2
The Company	Global Trading Int'l Corp. (Global)	Investment holding	100.00 %	100.00 %	100.00 %	Note 1
The Company	Leader Garments Corp. (Leader PH)	Manufacture of garments	99.99 %	99.99 %	99.99 %	

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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Name of Investor	Name of Subsidiary	Principal activity	Ownership %			Note
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company	Diamond Apparel Mfg., Inc. (Diamond)	Manufacture of garments	99.99 %	99.99 %	99.99 %	
The Company	Primeline Fashion, Inc. (Primeline)	Manufacture of garments	99.99 %	99.99 %	99.99 %	
The Company	Fortune Star Investment Limited (Fortune Star)	Investment holding	100.00 %	100.00 %	100.00 %	
The Company	Triple Int'l Corp. (Triple)	Investment holding	100.00 %	100.00 %	100.00 %	
The Company	Ecolot Textile Co., Ltd. (Ecolot)	Trade services	61.65 %	61.65 %	61.65 %	
The Company	Great Time Global Co., Ltd. (Great Time)	Manufacture and sales of garments	100.00 %	100.00 %	100.00 %	
The Company	Glida Athletics Co., Ltd. (Glida)	Manufacture and sales of garments	100.00 %	100.00 %	100.00 %	
The Company	Makalot EL Salvador SA DE CV (Makalot Salvador)	Manufacture of garments	99.50 %	- %	- %	Note 6
Global	PT Glory Industrial Semarang (PT Glory)	Manufacture of garments	95.00 %	95.00 %	95.00 %	Note 1
Global	Makalot Garments (Cambodia) Co., Ltd. (Makalot Cambodia)	Manufacture of garments	100.00 %	100.00 %	100.00 %	Note 1
Global	Makalot Garments (Vietnam) Co., Ltd. (Makalot Vietnam)	Manufacture of garments	100.00 %	100.00 %	100.00 %	Note 1
Global	PT Starlight Garment Semarang (PT Starlight)	Manufacture of garments	5.00 %	5.00 %	5.00 %	
Global	Makalot Bangladesh Ltd. (Makalot Bangladesh)	Manufacture of garments	95.00 %	95.00 %	95.00 %	
Fortune Star	Wintop Industrial Limited (Wintop)	Investment holding	100.00 %	100.00 %	100.00 %	
Fortune Star	Crown Era Industrial Limited (Crown Era)	Investment holding	100.00 %	100.00 %	100.00 %	
Fortune Star	Crownway International Development Limited (Crownway)	Investment holding	100.00 %	100.00 %	100.00 %	
Fortune Star	PT Starlight Garment Semarang (PT Starlight)	Manufacture of garments	95.00 %	95.00 %	95.00 %	
Fortune Star	PT Glory Industrial Semarang (PT Glory)	Manufacture of garments	5.00 %	5.00 %	5.00 %	Note 1
Triple	Moha Garments Co., Ltd. (Moha)	Manufacture of garments	100.00 %	100.00 %	100.00 %	
Triple	Triple Garment (Vietnam) Co., Limited (Triple Vietnam)	Manufacture of garments	100.00 %	100.00 %	100.00 %	
Triple	Top Trend Global Inc. (Top Trend)	Investment holding	- %	- %	100.00 %	Note 4
Triple	Makalot Bangladesh Ltd. (Makalot Bangladesh)	Manufacture of garments	5.00 %	5.00 %	5.00 %	
Triple	Leader Garment (Vietnam) Co., Ltd. (Leader Vietnam)	Manufacture of garments	100.00 %	100.00 %	- %	Note 3
Top Trend	Leader Garment (Vietnam) Co., Ltd. (Leader Vietnam)	Manufacture of garments	- %	- %	100.00 %	Note 3
Crownway	Jiaxing Ruiyang Garments Co., Limited (CJR)	Manufacture of garments	- %	100.00 %	100.00 %	Note 5

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Name of Investor	Name of Subsidiary	Principal activity	Ownership %			Note
			June 30, 2024	December 31, 2023	June 30, 2023	
Crownway	Jiaxing Rising Garments Co., Limited (CJY)	Manufacture of garments	100.00 %	100.00 %	100.00 %	
Wintop	Shanghai Makalot Garments Co., Limited (CMK)	Manufacture of garments	100.00 %	100.00 %	100.00 %	
Wintop	Makalot EL Salvador SA DE CV (Makalot Salvador)	Manufacture of garments	0.50 %	- %	- %	Note 6
Crown Era	Jiaxing Suntex Garemnts Co., Limited (CMZ)	Manufacture of garments	100.00 %	100.00 %	100.00 %	
Ecolot	Top Shiny Industrial Limited (Top Shiny)	Investment holding	100.00 %	100.00 %	100.00 %	
Top Shiny	Eco-lot Textile Co., Ltd. (CBS)	Trade Service	100.00 %	100.00 %	100.00 %	

Note 1: The financial statements for the six months ended June 30, 2024 and 2023 have been reviewed.

Note 2: PT Crystal was dissolved and liquidated on April 19, 2024.

Note 3: Due to the adjustment of group investment structure, Top Trend sold 100% shares of Leader Vietnam to Triple.

Note 4: Top Trend was dissolved and liquidated on December 21, 2023.

Note 5: CJR was dissolved and liquidated on May 7, 2024.

Note 6: In order to fulfill the nearshore manufacturing needs of U.S. customers and to secure the existing Asian business opportunities, the Group invested and established a Salvador subsidiary in June 2024.

(ii) List of subsidiaries which are not included in the consolidated financial statements: None.

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

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7), unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non current.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(d) Employee benefits

The pension cost in the interim period is calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year. Any material volatility of the market after the report date, material reimbursement and settlement or other material one-time events should be adjusted.

(e) Income taxes

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

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management.

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

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

(6) Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2023. Please refer to Note 6 of the 2023 annual consolidated financial statements.

(a) Cash and cash equivalents

	June 30, 2024	December 31, 2023	June 30, 2023
Cash	\$ 4,195	4,262	6,616
Checking accounts and demand deposits	1,435,979	1,497,012	1,062,013
Time deposits	880,556	1,512,952	1,077,378
	<u><u>\$ 2,320,730</u></u>	<u><u>3,014,226</u></u>	<u><u>2,146,007</u></u>

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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Please refer to note 6(u) for the sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Mandatorily measured at fair value through profit or loss :			
Non-derivative financial assets			
Stocks listed on domestic markets	\$ 135,545	152,689	111,653
Fund	<u>72,351</u>	<u>59,156</u>	<u>52,941</u>
	<u><u>\$ 207,896</u></u>	<u><u>211,845</u></u>	<u><u>164,594</u></u>

(c) Accounts receivable and financial assets — current

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Accounts receivable — measured as amortized cost	\$ 867,729	1,544,725	2,022,129
Other financial assets — current	7,092,741	8,542,938	5,587,589
Less: loss allowance	<u>(9,649)</u>	<u>(18,155)</u>	<u>(23,863)</u>
	<u><u>\$ 7,950,821</u></u>	<u><u>10,069,508</u></u>	<u><u>7,585,855</u></u>

As of June 30, 2024, December 31, 2023 and June 30, 2023, other financial asset — current comprised time deposits with maturity of more than three months, amounting to \$3,406,399 thousand, \$4,421,691 thousand and \$2,261,532 thousand, respectively.

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

The loss allowance provision was determined as follows:

	<u>June 30, 2024</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 827,924	1%~1.2%	9,251
1 to 30 days past due	39,183	1%~1.2%	392
More than 31 days past due	<u>622</u>	1%~1.2%	<u>6</u>
	<u><u>\$ 867,729</u></u>		<u><u>9,649</u></u>

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,520,897	1%~1.2%	17,876
1 to 30 days past due	20,163	1%~1.2%	236
More than 31 days past due	3,665	1%~1.2%	43
	<u>\$ 1,544,725</u>		<u>18,155</u>

	June 30, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 2,015,524	1%~1.2%	23,784
1 to 30 days past due	1,812	1%~1.2%	22
More than 31 days past due	4,793	1%~1.2%	57
	<u>\$ 2,022,129</u>		<u>23,863</u>

The movement in the allowance for accounts receivable was as follows:

	For the six months ended, June 30	
	2024	2023
Balance on January 1	\$ 18,155	14,332
Impairment losses recognized (reversed)	(8,506)	11,970
Amounts written off	-	(2,439)
Balance on June 30	<u>\$ 9,649</u>	<u>23,863</u>

None of the accounts receivable held by the Group were pledged or collateralized as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively.

Accounts receivable of the Group had been insured accounts receivable credit risk. The insured amounts were \$297,056 thousand, \$493,623 thousand and \$426,670 thousand as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively.

The Group has signed accounts receivable factoring contracts with financial institution. The terms of the contracts do not meet the criteria of derecognition of financial assets. Factored accounts receivable which were not derecognized as of the report date were as follows:

	June 30, 2023				
Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
HSBC Bank	<u>24,266</u>	USD <u>-</u> thousand	<u>\$ -</u>	5.03%~5.58%	Promissory note USD78,000 thousand (Note 1)

Note 1: The aggregate credit limit of the promissory note includes letters of credit, export bill negotiations, borrowings, derivative, and accounts receivable factored.

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There was no such transaction as of June 30, 2024 and December 31, 2023.

The Group entered into separate factoring agreements with different financial institutions to sell its accounts receivable. Under the agreement the Group does not have the responsibility to assume the default risk of the transferred accounts receivable within the factoring credit limit. The factored accounts receivable conform to the derecognition criteria when the ownership and the significant risks of the factored accounts receivable are transferred to the financial institutions. As of June 30, 2024, December 31, 2023 and June 30, 2023 the factored accounts receivable were \$3,397,776 thousand, \$3,716,346 thousand and \$3,036,805 thousand, respectively, and they were included in “other financial assets – current” in the accompanying balance sheets.

As of June 30, 2024, December 31, 2023 and June 30, 2023, the relevant information on derecognized accounts receivable factored was as follows:

June 30, 2024							
Factoring financial institution	Factoring credit limit	Advance amount credit limit	Factored amount (Derecognized amount)	Advance amount	interest rate	Important derecognized provision	Collateral
CTBC Bank	USD 161,100 thousand	USD 136,780 thousand	3,082,010	2,183,173	(Note 2)	(Note 1)	None
DBS Bank	USD 100,000 thousand	USD 90,000 thousand	2,771,203	582,038	"	"	Promissory note USD115,000 thousand (Note 3)
Sumitomo Mitsui Bank	USD 10,000 thousand	USD 10,000 thousand	47,107	-	"	"	None
Bank SinoPac	USD 25,000 thousand	USD 22,500 thousand	244,687	-	"	"	Promissory note USD22,500 thousand
Standard Chartered	USD 8,000 thousand	USD 8,000 thousand	45,175	27,195	"	"	None
Total			<u>\$ 6,190,182</u>	<u>2,792,406</u>			

December 31, 2023							
Factoring financial institution	Factoring credit limit	Advance amount credit limit	Factored amount (Derecognized amount)	Advance amount	interest rate	Important derecognized provision	Collateral
CTBC Bank	USD 146,100 thousand	USD 125,480 thousand	\$ 3,086,733	1,316,390	(Note 2)	(Note 1)	None
DBS Bank	USD 100,000 thousand	USD 90,000 thousand	1,936,790	217,317	"	"	Promissory note USD115,000 thousand (Note 3)
Sumitomo Mitsui Bank	USD 10,000 thousand	USD 10,000 thousand	53,305	-	"	"	None
Bank SinoPac	USD 25,000 thousand	USD 22,500 thousand	145,666	-	"	"	Promissory note USD22,500 thousand
Standard Chartered Bank	USD 8,000 thousand	USD 8,000 thousand	68,572	41,013	"	"	None
Total			<u>\$ 5,291,066</u>	<u>1,574,720</u>			

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June 30, 2023							
Factoring financial institution	Factoring credit limit	Advance amount credit limit	Factored amount (Derecognized amount)	Advance amount	interest rate	Important derecognized provision	Collateral
HSBC Bank	USD - thousand	USD - thousand	\$ 1,438,640	-	(Note 2)	(Note 1)	Promissory note USD78,000 thousand (Note 3)
CTBC Bank	USD 147,900 thousand	USD 127,770 thousand	2,781,813	1,293,551	"	"	Promissory note USD7,000 thousand (Note 3)
Bank Mizuho	USD 7,000 thousand	USD 6,300 thousand	60,353	-	"	"	None
Sumitomo Mitsui Bank	USD 10,000 thousand	USD 10,000 thousand	49,550	-	"	"	None
Total			<u>\$ 4,330,356</u>	<u>1,293,551</u>			

Note 1: According to the accounts receivable purchase agreements or the approval letters issued by the factoring financial institutions, the accounts receivable were factored without recourse. The funds are transferred to the appointed reserve accounts or directly to the factoring financial institutions.

Note 2: For the three months and six months ended June 30, 2024 and 2023, the average interest rates on factored accounts receivable were 5.65%~6.00%, 5.40%~6.01%, 5.65%~6.00% and 4.78%~6.01%, respectively.

Note 3: The aggregate credit limit of the promissory note includes letters of credit, export bill negotiations, borrowings, derivatives, and accounts receivable factored.

(d) Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Raw materials	\$ 4,719,832	3,966,292	4,359,122
Work in progress	295,716	301,676	248,027
Finished goods (including merchandise)	654,194	575,361	628,143
	<u>\$ 5,669,742</u>	<u>4,843,329</u>	<u>5,235,292</u>

During the three month and six month ended June 30, 2024 and 2023, the write downs of inventories amounted to \$2,870 thousand, \$939 thousand, \$3,100 thousand and \$3,237 thousand. The write-downs had been recognized as cost of sales.

None of the inventories held by the Group were pledged as collateral as of June 30, 2024, December 31, 2023 and June 30, 2023.

(e) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Associates	\$ <u>412,141</u>	<u>364,412</u>	<u>322,608</u>

The Group's investments in the associate companies were not listed and none of the investment accounted for using equity method held by the Group was pledged as collateral.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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Investments were accounted for by the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(f) Property, plant and equipment

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

	Land	Buildings	Machinery	Office and other equipment	Construction in progress	Total
Cost :						
Balance at January 1, 2024	\$ 2,878,084	2,214,210	2,370,817	1,773,816	87,681	9,324,608
Additions	-	27,511	112,147	76,658	48,610	264,926
Disposals	-	-	(54,147)	(13,005)	-	(67,152)
Exchange difference on translation	18,933	91,514	128,656	89,334	5,882	334,319
Balance at June 30, 2024	<u>\$ 2,897,017</u>	<u>2,333,235</u>	<u>2,557,473</u>	<u>1,926,803</u>	<u>142,173</u>	<u>9,856,701</u>
Balance at January 1, 2023	\$ 2,876,013	2,094,837	2,278,065	1,692,743	120,099	9,061,757
Additions	202	56,154	58,611	54,407	54,357	223,731
Disposals	-	-	(29,061)	(11,013)	-	(40,074)
Reclassification	641	7,334	(1)	1,259	(9,233)	-
Exchange difference on translation	4,711	16,098	28,070	18,024	3,083	69,986
Balance at June 30, 2023	<u>\$ 2,881,567</u>	<u>2,174,423</u>	<u>2,335,684</u>	<u>1,755,420</u>	<u>168,306</u>	<u>9,315,400</u>
Depreciation and impairment loss:						
Balance at January 1, 2024	\$ -	789,120	1,818,714	1,453,013	-	4,060,847
Depreciation	-	58,688	90,150	57,224	-	206,062
Disposals	-	(114)	(53,143)	(12,701)	-	(65,958)
Reclassification	-	-	1,102	(1,102)	-	-
Exchange difference on translation	-	28,543	98,663	73,243	-	200,449
Balance at June 30, 2024	<u>\$ -</u>	<u>876,237</u>	<u>1,955,486</u>	<u>1,569,677</u>	<u>-</u>	<u>4,401,400</u>
Balance at January 1, 2023	\$ -	727,892	1,697,198	1,409,268	-	3,834,358
Depreciation	-	52,119	85,617	56,183	-	193,919
Disposals	-	-	(22,822)	(10,455)	-	(33,277)
Reclassification	-	-	302	(302)	-	-
Exchange difference on translation	-	2,564	22,328	14,253	-	39,145
Balance at June 30, 2023	<u>\$ -</u>	<u>782,575</u>	<u>1,782,623</u>	<u>1,468,947</u>	<u>-</u>	<u>4,034,145</u>
Carrying amounts:						
Balance at January 1, 2024	<u>\$ 2,878,084</u>	<u>1,425,090</u>	<u>552,103</u>	<u>320,803</u>	<u>87,681</u>	<u>5,263,761</u>
Balance at June 30, 2024	<u>\$ 2,897,017</u>	<u>1,456,998</u>	<u>601,987</u>	<u>357,126</u>	<u>142,173</u>	<u>5,455,301</u>
Balance at January 1, 2023	<u>\$ 2,876,013</u>	<u>1,366,945</u>	<u>580,867</u>	<u>283,475</u>	<u>120,099</u>	<u>5,227,399</u>
Balance at June 30, 2023	<u>\$ 2,881,567</u>	<u>1,391,848</u>	<u>553,061</u>	<u>286,473</u>	<u>168,306</u>	<u>5,281,255</u>

Please refer to Note 8 for assets pledged as collateral for loans as of June 30, 2024, December 31, 2023 and June 30, 2023.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Right-of-use assets

The cost and depreciation of leased land and buildings of the Group were as follow:

	<u>Land</u>	<u>Buildings</u>	<u>Other</u>	<u>Total</u>
Cost:				
Balance at January 1, 2024	\$ 223,256	370,638	4,713	598,607
Additions	1,077	103,740	-	104,817
Reductions	(2,058)	(158,560)	-	(160,618)
Exchange difference on translation	12,319	17,632	-	29,951
Balance at June 30, 2024	<u><u>\$ 234,594</u></u>	<u><u>333,450</u></u>	<u><u>4,713</u></u>	<u><u>572,757</u></u>
Balance at January 1, 2023	\$ 262,886	359,835	4,713	627,434
Additions	-	2,351	-	2,351
Reductions	(19,282)	-	-	(19,282)
Exchange difference on translation	(5,345)	4,381	-	(964)
Balance at June 30, 2023	<u><u>\$ 238,259</u></u>	<u><u>366,567</u></u>	<u><u>4,713</u></u>	<u><u>609,539</u></u>
Depreciation:				
Balance at January 1, 2024	\$ 80,092	281,676	4,451	366,219
Depreciation	15,653	53,887	262	69,802
Reductions	(2,058)	(158,560)	-	(160,618)
Exchange difference on translation	4,786	11,598	-	16,384
Balance at June 30, 2024	<u><u>\$ 98,473</u></u>	<u><u>188,601</u></u>	<u><u>4,713</u></u>	<u><u>291,787</u></u>
Balance at January 1, 2023	\$ 70,007	175,275	2,880	248,162
Depreciation	15,922	51,900	786	68,608
Reductions	(19,308)	-	-	(19,308)
Exchange difference on translation	826	3,231	-	4,057
Balance at June 30, 2023	<u><u>\$ 67,447</u></u>	<u><u>230,406</u></u>	<u><u>3,666</u></u>	<u><u>301,519</u></u>
Carrying amounts:				
Balance at January 1, 2024	<u><u>\$ 143,164</u></u>	<u><u>88,962</u></u>	<u><u>262</u></u>	<u><u>232,388</u></u>
Balance at June 30, 2024	<u><u>\$ 136,121</u></u>	<u><u>144,849</u></u>	<u><u>-</u></u>	<u><u>280,970</u></u>
Balance at January 1, 2023	<u><u>\$ 192,879</u></u>	<u><u>184,560</u></u>	<u><u>1,833</u></u>	<u><u>379,272</u></u>
Balance at June 30, 2023	<u><u>\$ 170,812</u></u>	<u><u>136,161</u></u>	<u><u>1,047</u></u>	<u><u>308,020</u></u>

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Intangible assets

The movements of cost and amortization of intangible assets in 2024 and 2023 were as follows:

	<u>Intangible assets</u>
Carrying amounts:	
Balance at January 1, 2024	\$ <u><u>24,987</u></u>
Balance at June 30, 2024	\$ <u><u>28,389</u></u>
Balance at January 1, 2023	\$ <u><u>28,622</u></u>
Balance at June 30, 2023	\$ <u><u>25,613</u></u>

There were no significant additions, disposals, and reversal of impairment losses of intangible assets for the six months ended June 30, 2024 and 2023. Information on amortization for the period is discussed in Note 12. Please refer to Note 6(i) of the 2023 annual consolidated financial statements for other related information.

(i) Other current and other non-current assets

The details of other current and other non-current assets were as follows:

	<u>June 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>June 30,</u> <u>2023</u>
Prepayments for land and equipment	\$ 30,261	23,267	55,984
Prepaid and overpaid sales tax	228,750	208,842	219,606
Refundable deposits	104,495	100,783	102,785
Other financial assets — non-current (time deposits)	148,673	150,972	146,520
Prepayment for purchase	17,355	21,223	49,110
Long-term prepayment for rental	97,350	92,205	46,703
Sale tax refund receivable — non-current	56,869	51,030	82,593
Other	135,417	49,535	114,248
	<u><u>\$ 819,170</u></u>	<u><u>697,857</u></u>	<u><u>817,549</u></u>

Non-current financial assets derived from the earnings distributed by the investee companies, Loyal and Global, in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act. The funds should be deposited in the segregated foreign exchange deposit account for five years. After the expiry of the said period, the funds could be withdrawn over a period of three years according to the aforementioned regulations. The funds shall not be used for purposes other than those specified in the aforementioned regulations, nor pledged, nor provided as security, nor by any other use which reduce their value.

Please refer to Note 8 for pledged as refundable deposits.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Short-term borrowings

The details of short-term borrowings were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Unsecured bank loans	\$ <u>1,490,980</u>	<u>1,553,224</u>	<u>1,530,285</u>
Unused facilities	\$ <u>12,535,387</u>	<u>11,309,849</u>	<u>11,332,905</u>
Range of interest rates	<u>5.54%~6.64%</u>	<u>4.70%~6.71%</u>	<u>4.70%~6.18%</u>

Please refer to Note 8 for assets pledged as collateral for loans.

(k) Long-term bank loans

	June 30, 2024	December 31, 2023	June 30, 2023
Unsecured bank loans	\$ -	-	91,848
Less: Current portion	-	-	(91,848)
Total	\$ <u>-</u>	<u>-</u>	<u>-</u>
Unused credit facilities	\$ <u>-</u>	<u>-</u>	<u>-</u>
Interest rate	<u>-</u>	<u>-</u>	<u>3.901%~6.279%</u>

For the six months ended June 30, 2023, the Group's repayments of long-term bank loans amounted to US\$2,950 thousand.

(l) Provisions

Carrying amounts:

Balance at January 1, 2024	\$ <u>451,582</u>
Balance at June 30, 2024	\$ <u>452,075</u>
Balance at January 1, 2023	\$ <u>496,356</u>
Balance at June 30, 2023	\$ <u>527,435</u>

There was no significant movement for the six months ended June 30, 2024 and 2023. Please refer to Note 6(m) of the 2023 annual consolidated financial statements for other related information.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Lease liabilities

The Group's lease liabilities were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Current	\$ <u>101,646</u>	<u>89,434</u>	<u>117,701</u>
Non-current	\$ <u>104,002</u>	<u>70,738</u>	<u>105,979</u>

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

The amounts recognized in profit or loss were as follows :

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Interest on lease liabilities	\$ <u>2,655</u>	<u>2,478</u>	<u>4,589</u>	<u>5,140</u>
Expenses relating to short-term leases	\$ <u>6,481</u>	<u>4,154</u>	<u>12,365</u>	<u>8,929</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>1,697</u>	<u>947</u>	<u>2,631</u>	<u>1,986</u>

The amounts recognized in the statement of cash flows in financing activities for the Group was as follows:

	For the six months ended June 30	
	2024	2023
Total cash outflow for leases	\$ <u>65,105</u>	<u>66,997</u>

(i) Real estate leases

The Group leases land and buildings for its office, factory facilities and warehouses. The leases of land typically run for 3 to 50 years, and of buildings for 2 to 8 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Some leases of office buildings contain extension options exercisable by the Group before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options are exercisable only by the Group and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(n) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying period was measured and disclosed according to the actuarial report as of December 31, 2023 and 2022.

The Group's pension costs under the defined pension plans amounted to \$12,151 thousand, \$13,225 thousand, \$24,378 thousand and \$26,144 thousand for the three months and six months ended June 30, 2024 and 2023, respectively.

(ii) Defined contribution plans

The Group's pension costs under the defined contribution pension plans amounted to \$17,434 thousand, \$16,020 thousand, \$34,372 thousand and \$32,459 thousand for the three months and six months ended June 30, 2024 and 2023, respectively.

(o) Income tax

(i) The components of income tax for the three months and six months ended June 30, 2024 and 2023 were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Current income tax expense	\$ 226,668	225,040	525,392	476,388
Deferred income tax expense (benefit)	1,209	(3,030)	(2,606)	(1,929)
Total income tax expense	<u><u>\$ 227,877</u></u>	<u><u>222,010</u></u>	<u><u>522,786</u></u>	<u><u>474,459</u></u>

(ii) Assessment of income tax

The Company's income tax returns of the year through 2021 were assessed by the Taipei National tax Administration.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for six months ended June 30, 2024 and 2023. For the related information, please refer to note 6(q) of the consolidated financial statements for the year ended December 31, 2023.

(i) Ordinary shares

As of June 30, 2024, December 31, 2023 and June 30, 2023, the authorized capital of the Company all amounted to \$3,000,000 thousand, consisting of 300,000 thousand shares, with par value of \$10 per share, and the issued capital all consisted of 241,857 thousand shares. All proceeds from the shares issued have been collected.

(ii) Capital surplus

The components of capital surplus were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Surplus arising from bond conversion option	\$ 1,618,137	1,618,137	1,618,137
Paid-in capital in excess of par value	4,457,548	4,505,919	4,505,919
Capital surplus—premium from combination	593	593	593
Capital surplus—interest payable reimbursement	17,181	17,181	17,181
Expired stock options	43,950	43,950	43,950
Gain or loss on disposal of subsidiaries	4,914	4,914	4,914
Adjustments to share of changes in equity of subsidiaries	24,010	24,010	24,010
	<u>\$ 6,166,333</u>	<u>6,214,704</u>	<u>6,214,704</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

On June 28, 2024, the Company's general meeting of shareholders approved transferring capital surplus to 4,837 thousand ordinary shares with par value of \$10 per share, amounting to \$48,371 thousand. The capital increase, with the base date set on September 20, 2024, has been approved by the FSC.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Retained earnings and dividend policy

According to the Company's articles of incorporation which is revised on June 28, 2024, the Company's earnings distribution or loss compensation may be conducted at the end of each half-financial year, and if the earnings distribution is paid in cash, it shall be approved by the Board of Directors according to the provisions of Article 228-1 and Article 240-5 of the Company Act and shall be reported to the shareholders' meeting without the need to submit it to the shareholders' meeting for recognition. When distributing earnings, the Company shall first estimate and retain the tax payable, offset the accumulated losses, allocate the remuneration of employees and directors during the distribution period, and 10% of the legal reserve, unless the legal reserve has reached the amount of paid-in capital of the Company. In addition, in accordance with the provisions of Article 41 of the Securities and Exchange Law, the special reserve shall be allocated or reversed. After the Company has allocated or reversed the special reserve, the balance along with the unappropriated retained earnings from previous years would be considered by the Board of Directors. Then the Board of Directors shall take into account the Company's working capital, financial structure, current year's earnings, balanced and stable distribution of dividends, and other factors before preparing a earnings distribution proposal. If it is distributed as new shares, it shall be distributed after resolution by the shareholders' meeting.

The Company is in the stable growth stage, and the types of dividends will be appropriately issued in the form of stock dividends or cash dividends depending on the future capital demand and the degree of equity dilution, of which cash dividends shall not be less than 10% of the total dividends in principle.

According to the Company Act and regulation of the Ministry of Economic Affairs, the Company should set aside 10% of the profit before income tax plus items other than profit before income tax added to current year's unappropriated earnings, as legal reserve, until it is equal to the Company's total capital amount. When the Company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

The Company's Board of Directors has resolved to distribute the first half of 2024, 2023 and 2022 earnings. The relevant dividend distributions and cash dividends per share to the shareholders were as follows:

	The first half of 2024
Board of Directors resolution date	August 2, 2024
Cash dividends	\$ 1,692,996
Cash dividends per share (in dollars)	\$ 7.0

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	2023	2022
Board of Directors resolution date	March 13, 2024	March 14, 2023
Cash dividends	\$ 3,966,448	3,506,920
Cash dividends per share (in dollars)	\$ 16.4	14.5

(q) Earnings per share

(i) The Company's basic and diluted earnings per share were calculated as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ <u>858,990</u>	<u>804,552</u>	<u>1,977,972</u>	<u>1,752,501</u>
Weighted-average number of outstanding ordinary shares (in thousands)	<u>241,857</u>	<u>241,857</u>	<u>241,857</u>	<u>241,857</u>
Basic earnings per share (in dollars)	\$ <u>3.55</u>	<u>3.33</u>	<u>8.18</u>	<u>7.25</u>
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company (basic)	\$ <u>858,990</u>	<u>804,552</u>	<u>1,977,972</u>	<u>1,752,501</u>
Profit attributable to ordinary shareholders of the Company (diluted)	\$ <u>858,990</u>	<u>804,552</u>	<u>1,977,972</u>	<u>1,752,501</u>
Weighted-average number of outstanding ordinary shares (basic) (in thousands)	241,857	241,857	241,857	241,857
Effect of employee stock dividends (in thousands)	<u>344</u>	<u>421</u>	<u>647</u>	<u>879</u>
Weighted-average number of outstanding ordinary shares (diluted) (in thousands)	<u>242,201</u>	<u>242,278</u>	<u>242,504</u>	<u>242,736</u>
Diluted earnings per share (in dollars)	\$ <u>3.55</u>	<u>3.32</u>	<u>8.16</u>	<u>7.22</u>

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) The Company's general meeting of the shareholders held on June 28, 2024 has resolved to distribute ordinary shares to the shareholders, without consideration, with the base date set on September 20, 2024. If the distribution occurs before the financial report is released, the retrospective adjusted earnings per share will be as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	<u>\$ 858,990</u>	<u>804,552</u>	<u>1,977,972</u>	<u>1,752,501</u>
Weighted-average number of outstanding ordinary shares (in thousands)	<u>246,694</u>	<u>246,694</u>	<u>246,694</u>	<u>246,694</u>
Basic earnings per share (in dollars)	<u>\$ 3.48</u>	<u>3.26</u>	<u>8.02</u>	<u>7.10</u>
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company (basic)	<u>\$ 858,990</u>	<u>804,552</u>	<u>1,977,972</u>	<u>1,752,501</u>
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 858,990</u>	<u>804,552</u>	<u>1,977,972</u>	<u>1,752,501</u>
Weighted-average number of outstanding ordinary shares (basic) (in thousands)	246,694	246,694	246,694	246,694
Effect of employee stock dividends (in thousands)	<u>344</u>	<u>421</u>	<u>647</u>	<u>879</u>
Weighted-average number of outstanding ordinary shares (diluted) (in thousands)	<u>247,038</u>	<u>247,115</u>	<u>247,341</u>	<u>247,573</u>
Diluted earnings per share (in dollars)	<u>\$ 3.48</u>	<u>3.26</u>	<u>8.00</u>	<u>7.08</u>

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Revenue from contracts with the customers

(i) Disaggregation of revenue

For the three months ended June 30, 2024			
	Selling and manufacturing of garments	Other segments	Total
Primary geographical markets:			
American region	\$ 5,100,223	51,248	5,151,471
Others	2,165,864	376,826	2,542,690
	<u>\$ 7,266,087</u>	<u>428,074</u>	<u>7,694,161</u>
For the three months ended June 30, 2023			
	Selling and manufacturing of garments	Other segments	Total
Primary geographical markets:			
American region	\$ 4,757,843	-	4,757,843
Others	2,259,198	207,066	2,466,264
	<u>\$ 7,017,041</u>	<u>207,066</u>	<u>7,224,107</u>
For the six months ended June 30, 2024			
	Selling and manufacturing of garments	Other segments	Total
Primary geographical markets:			
American region	\$ 11,058,249	59,015	11,117,264
Others	4,669,154	515,772	5,184,926
	<u>\$ 15,727,403</u>	<u>574,787</u>	<u>16,302,190</u>
For the six months ended June 30, 2023			
	Selling and manufacturing of garments	Other segments	Total
Primary geographical markets:			
American region	\$ 9,860,982	-	9,860,982
Others	4,836,513	360,873	5,197,386
	<u>\$ 14,697,495</u>	<u>360,873</u>	<u>15,058,368</u>

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract balances

	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable	\$ 867,729	1,544,725	2,022,129
Less: allowance for impairment	(9,649)	(18,155)	(23,863)
	<u>\$ 858,080</u>	<u>1,526,570</u>	<u>1,998,266</u>

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

(iii) Transaction price allocated to the remaining performance obligations

The contract has an original expected duration of less than one year, thus the Group applies the practical expedient of IFRS 15 and does not disclose information about the transaction price allocated to the remaining performance obligations of the contract.

(s) Employee compensation and directors' remuneration

In accordance with the Articles of incorporation, the Company should contribute at least 1% and not more than 8% of the profit as employee remuneration and not exceed 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the three months and six months ended June 30, 2024 and 2023, the Company estimated its employee remuneration amounting to \$63,312 thousand, \$58,419 thousand, \$144,661 thousand and \$127,162 thousand and the directors' remuneration amounted to \$27,168 thousand, \$25,068 thousand, \$62,075 thousand and \$54,566 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding remuneration to employee and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. The remunerations were expensed under operating expenses for each period. The differences between the amounts approved in the shareholders meeting and those recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in next year.

The amounts of employees' remuneration, as estimated in consolidated financial statements, were identical to those amount approved for 2023 and 2022.

The differences between actual approved amount directors' remuneration and those estimated in the financial statements in 2023 and 2022 were as follows:

	2023			2022		
	Actual approved amount	Estimated amount in financial statement	Difference	Actual approved amount	Estimated amount in financial statement	Difference
Directors' remuneration	<u>\$ 109,120</u>	<u>122,456</u>	<u>(13,336)</u>	<u>83,450</u>	<u>108,852</u>	<u>(25,402)</u>

The information of employees' and directors' remuneration approved by the Board of Directors is available on the Market Observation Post System website.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Non-operating income and expenses

(i) Interest income

The Group's interest income was as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Interest income from bank deposits	\$ <u>23,554</u>	<u>19,370</u>	<u>54,560</u>	<u>44,227</u>

(ii) Other income

The Group's other income was as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Rental income	\$ 1,403	307	1,755	1,733
Dividend income	8,151	5,941	9,512	6,180
Others	2,477	5,157	6,251	9,104
	<u>\$ 12,031</u>	<u>11,405</u>	<u>17,518</u>	<u>17,017</u>

(iii) Other gains and losses

The Group's other gains and losses were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Foreign exchange gain	\$ 28,900	37,972	92,020	13,035
Gain on disposals of investments	13,794	22,846	48,418	35,740
Net gains (loss) on financial assets at fair value through profit or loss	(28,178)	1,480	(28,693)	20,344
Net valuation gain on derivative financial assets at fair value through profit or loss	1,196	2,669	-	1,814
Net gains on derivative financial assets at fair value through profit or loss-realized	3,408	2,635	3,408	7,812
Gain on disposals of property, plant and equipment	182	412	99	984
Others	(4,240)	(735)	(5,505)	(1,073)
	<u>\$ 15,062</u>	<u>67,279</u>	<u>109,747</u>	<u>78,656</u>

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Finance costs

The Group's finance expenses were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Interest expense — bank borrowings	\$ (58,642)	(43,064)	(120,675)	(90,972)
Expenses from accounts receivable factoring	(18,432)	(13,120)	(38,338)	(27,415)
Interest expense — lease	(2,655)	(2,478)	(4,589)	(5,140)
Interest expense — others	-	-	(137)	-
	<u>\$ (79,729)</u>	<u>(58,662)</u>	<u>(163,739)</u>	<u>(123,527)</u>

(u) Financial Instruments

Except for the following disclosures, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to Note 6(v) of the consolidated financial statements for the year ended December 31, 2023.

(i) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including the estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flow	Within 6 months	6~12 months	1~2 years	2~5 years	Over 5 years
June 30, 2024							
Non-derivative financial liabilities							
Short-term borrowings	\$ 1,490,980	(1,506,811)	(1,506,811)	-	-	-	-
Accounts payable and other payables	5,944,641	(5,944,641)	(5,944,641)	-	-	-	-
Lease liabilities	205,648	(236,730)	(62,042)	(47,914)	(64,829)	(26,203)	(35,742)
	<u>\$ 7,641,269</u>	<u>(7,688,182)</u>	<u>(7,513,494)</u>	<u>(47,914)</u>	<u>(64,829)</u>	<u>(26,203)</u>	<u>(35,742)</u>
December 31, 2023							
Non-derivative financial liabilities							
Short-term borrowings	\$ 1,553,224	(1,555,899)	(1,555,899)	-	-	-	-
Accounts payable and other payables	5,368,307	(5,368,307)	(5,368,307)	-	-	-	-
Lease liabilities	160,172	(186,853)	(58,398)	(36,202)	(41,233)	(14,431)	(36,589)
	<u>\$ 7,081,703</u>	<u>(7,111,059)</u>	<u>(6,982,604)</u>	<u>(36,202)</u>	<u>(41,233)</u>	<u>(14,431)</u>	<u>(36,589)</u>
June 30, 2023							
Non-derivative financial liabilities							
Short-term borrowings	\$ 1,530,285	(1,533,084)	(1,533,084)	-	-	-	-
Accounts payable and other payables	4,931,359	(4,931,359)	(4,931,359)	-	-	-	-
Lease liabilities	223,680	(254,740)	(68,152)	(56,595)	(58,876)	(31,970)	(39,147)
Long-term bank loans (including current portion)	91,848	(92,847)	(92,847)	-	-	-	-
	<u>\$ 6,777,172</u>	<u>(6,812,030)</u>	<u>(6,625,442)</u>	<u>(56,595)</u>	<u>(58,876)</u>	<u>(31,970)</u>	<u>(39,147)</u>

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(ii) Market risk

1) Exposure to currency risk

The Group's significant exposure to foreign currency risk was as follows:

	June 30, 2024			December 31, 2023			June 30, 2023		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
<u>Monetary items</u>									
USD	\$ 152,610	32.450	4,952,191	189,257	30.735	5,816,809	176,054	31.135	5,481,447
CNY	82,023	4.4519	365,156	21,438	4.3107	92,412	1,621	4.2945	6,961
IDR	170,812,225	0.001979	338,103	165,913,820	0.001991	330,327	96,214,032	0.002076	199,708
VND	85,815,976	0.001285	110,273	101,146,329	0.001276	129,100	167,074,846	0.001330	222,160
BDT	138,141	0.277350	38,313	176,559	0.279409	49,332	348,668	0.290981	101,456
<u>Non-monetary items</u>									
USD	12,701	32.450	412,141	11,857	30.735	364,412	10,362	31.135	322,608
Financial liabilities									
<u>Monetary items</u>									
USD	147,691	32.450	4,792,565	148,611	30.735	4,567,549	128,345	31.135	3,996,013
CNY	71,055	4.4519	316,326	41,796	4.3107	180,170	57,583	4.2945	247,288
IDR	199,261,119	0.001979	394,414	205,513,394	0.001991	409,123	208,622,163	0.002076	433,030
VND	218,010,194	0.001285	280,142	255,944,828	0.001276	326,680	206,555,022	0.001330	274,657
BDT	324	0.277350	90	455	0.279409	127	-	-	-

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other financial assets, refundable deposits, loans, accounts payable, and other payables. A 1% depreciation or appreciation of the TWD against the USD, CNY, IDR, VND and BDT as of June 30, 2024 and 2023, would have increased or decreased the net income before tax by \$205 thousand and \$10,607 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for both periods.

As the Company deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months and six months ended June 30, 2024 and 2023, the foreign exchange gain (loss), including realized and unrealized, amounted to \$28,900 thousand, \$37,972 thousand, \$92,020 thousand and \$13,035 thousand, respectively.

2) Interest rate analysis

The following sensitivity analysis is based on the exposure to interest rate risk for derivative and non-derivative financial instruments on the reporting date. For variable-rate liabilities, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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If the interest rate increase/decrease by 0.25%, the Group's net income before tax would have decreased/increased by \$1,864 thousand and \$2,028 thousand for the six months ended June 30, 2024 and 2023, respectively, assuming all other variable factors had remained constant. This is mainly due to the Group's variable rate borrowing.

(iii) Fair value of financial instruments

1) Fair value hierarchy

The Group's financial assets at fair value through profit or loss were measured by fair value based on duplication. The carrying amount, fair value, and fair value hierarchy for the financial assets and financial liabilities of the Group were as followed (excluding the disclosure of financial assets and liabilities for which the book value is close to this fair value, and lease liabilities):

June 30, 2024					
Book value	Fair value			Total	
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss:					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 207,896	207,896	-	-	207,896
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 2,320,730	-	-	-	-
Accounts receivable	858,080	-	-	-	-
Other financial assets—current	7,092,741	-	-	-	-
Other financial assets—non-current	148,673	-	-	-	-
Subtotal	10,420,224	-	-	-	-
Refundable deposit	104,495	-	-	-	-
Financial liabilities measured at amortized cost:					
Short-term borrowings	\$ 1,490,980	-	-	-	-
Accounts payable and other payables	5,944,641	-	-	-	-
Subtotal	7,435,621	-	-	-	-
December 31, 2023					
Book value	Fair value			Total	
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss:					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 211,845	211,845	-	-	211,845
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 3,014,226	-	-	-	-
Accounts receivable	1,526,570	-	-	-	-
Other financial assets—current	8,542,938	-	-	-	-
Other financial assets—non-current	150,972	-	-	-	-
Subtotal	13,234,706	-	-	-	-
Refundable deposit	100,783	-	-	-	-
Financial liabilities measured at amortized cost:					
Short-term borrowings	\$ 1,553,224	-	-	-	-
Accounts payable and other payable	5,368,307	-	-	-	-
Subtotal	6,921,531	-	-	-	-

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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		June 30, 2023				
		Book value	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:						
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$	164,594	164,594	-	-	164,594
Financial assets measured at amortized cost:						
Cash and cash equivalents	\$	2,146,007	-	-	-	-
Accounts receivable		1,998,266	-	-	-	-
Other financial assets — current		5,587,589	-	-	-	-
Other financial assets — non-current		146,520	-	-	-	-
Subtotal		9,878,382	-	-	-	-
Refundable deposit		102,785	-	-	-	-
Financial liabilities measured at amortized cost:						
Short-term borrowings	\$	1,530,285	-	-	-	-
Long-term bank loans (including current portion)		91,848	-	-	-	-
Accounts payable and other payables		4,931,359	-	-	-	-
Subtotal		6,553,492	-	-	-	-

- 2) Valuation techniques for financial instruments measured at fair value
- a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Except for the aforementioned financial instruments, the fair value of other financial instruments is determined by using valuation techniques or the quoted price from a counterparty. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation techniques including a model using observable market data at the reporting date.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants. The fair value of a forward exchange contract is usually determined by the forward exchange rate. Measurement of the fair value of an embedded derivative financial instrument is based on an option pricing model or other valuation technique.

3) Transfer between fair value hierarchy

There were no transfers in either direction for the six months ended June 30, 2024 and 2023.

(v) Financial risk management

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

(w) Capital management

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

(x) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the cash flow for the six months ended June 30, 2024 were acquisition of right-of-use assets by leasing. Please refer to note 6(g) and (m).

(7) Related-party transactions

(a) Parent company and ultimate controlling Company

The Company is the ultimate controlling party of the Company and its subsidiaries.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Namtex Co., Ltd. (Namtex)	An associate
Makalot Humanities Development Education Foundation (Makalot Foundation)	Some Directors of the Company served as Directors of the foundation
RUEI SHAN Co., Ltd. (RUEI SHAN)	The key management of the Company controlled RUEI SHAN
AN YANG Investment Co., Ltd. (AN YANG)	The key management of the Company controlled AN YANG
YI CHANG YANG Investment Co., Ltd. (YI CHANG YANG)	The key management of the Company controlled YI CHANG YANG
JU WEN Investment Co., Ltd. (JU WEN)	The key management of the Company controlled JU WEN

(c) Significant transactions with related parties

(i) Purchasing

The amounts of significant purchases by the Group from related parties were as follows:

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>June 30</u>		<u>June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Associates	<u>\$ 245,556</u>	<u>211,501</u>	<u>427,522</u>	<u>372,103</u>

Purchasing prices and payment terms with associates were not significantly different from those of general purchases.

(ii) Related-party payables

<u>Account name</u>	<u>Types of related parties</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Accounts payable—related parties	Associates	<u>\$ 168,611</u>	<u>134,348</u>	<u>151,903</u>

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Related-party receivables

Account name	Types of related parties	June 30, 2024	December 31, 2023	June 30, 2023
Other financial assets — current	Associates	\$ <u>417</u>	<u>381</u>	<u>492</u>
Other financial assets — current	Other related parties	\$ <u>-</u>	<u>11</u>	<u>-</u>

(iv) Donations

Details of donations to related parties were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Makalot Foundation	\$ <u>-</u>	<u>1,500</u>	<u>146</u>	<u>1,646</u>

(v) Rental

Details of rental income from related parties were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Other related parties	\$ <u>59</u>	<u>-</u>	<u>101</u>	<u>-</u>

(vi) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 57,660	51,281	122,606	106,874
Post-employment benefits	24	23	49	47
	<u>\$ 57,684</u>	<u>51,304</u>	<u>122,655</u>	<u>106,921</u>

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets

The Group's pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Land	Security of bank loans facility	\$ 2,484,818	2,484,818	2,484,818
Property, plant and equipment	Security of bank loans facility	167,234	175,261	183,288
Refundable deposits	Lease deposit, etc.	104,495	100,783	102,785
		<u>\$ 2,756,547</u>	<u>2,760,862</u>	<u>2,770,891</u>

(9) Commitments and contingencies

Unrecognized significant commitments:

(a) Unused letters of credit

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Unused letters of credit	<u>\$ 689,658</u>	<u>271,895</u>	<u>539,429</u>

(b) The Group issued promissory notes to the banks to apply for borrowings, export bills negotiation, derivatives, and factoring of accounts receivable. The issued promissory notes were as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Issued promissory notes	<u>\$ 17,560,195</u>	<u>17,764,975</u>	<u>13,592,210</u>

(c) Capital Commitment:

In order to construct factory, Makalot Bangladesh signed a US \$5,000 thousand factory lease agreement, which will take effect after the construction is completed, with Bay Economic Zone Limited. As of June 30, 2024, the long-term prepayment for rental of US \$3,000 thousand has been prepaid, recognized as other non-current assets, with the remaining balance of US\$2,000 thousand that has yet to be paid as of the reporting date.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(12) Other

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

By function By item	For the three months ended June 30					
	2024			2023		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salaries	1,257,468	423,615	1,681,083	1,141,278	416,438	1,557,716
Labor and health insurance	77,720	27,577	105,297	73,414	24,932	98,346
Pension	17,726	11,859	29,585	18,008	11,237	29,245
Directors' remuneration	-	28,027	28,027	-	25,694	25,694
Others	69,242	27,878	97,120	66,224	24,139	90,363
Depreciation	116,181	24,133	140,314	105,848	24,506	130,354
Amortization	47	2,433	2,480	362	2,411	2,773

By function By item	For the six months ended June 30					
	2024			2023		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salaries	2,479,595	1,015,217	3,494,812	2,149,711	857,757	3,007,468
Labor and health insurance	156,279	60,181	216,460	145,629	57,085	202,714
Pension	35,306	23,444	58,750	36,017	22,586	58,603
Directors' remuneration	-	63,400	63,400	-	55,739	55,739
Others	136,805	51,916	188,721	132,415	47,834	180,249
Depreciation	227,771	48,093	275,864	213,269	49,258	262,527
Amortization	97	4,853	4,950	860	4,980	5,840

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(13) Other disclosures

(a) Information on significant transactions:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2024:

(i) Lending to other parties :

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount of business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	PT Glory	Other receivable-related parties	Yes	1,238,548	1,235,046	1,018,929	6.0%	1	Processing 2,425,134	None	-	None	-	2,425,134	5,637,066
0	The Company	PT Starlight	Other receivable-related parties	Yes	194,927	194,376	194,376	6.0%	1	Processing 647,143	None	-	None	-	647,143	5,637,066
0	The Company	Makalot Cambodia	Other receivable-related parties	Yes	226,140	225,500	225,500	6.0%	1	Processing 1,783,258	None	-	None	-	1,783,258	5,637,066
0	The Company	Moha	Other receivable-related parties	Yes	284,417	283,613	283,613	6.0%	1	Processing 908,203	None	-	None	-	908,203	5,637,066
0	The Company	Makalot Vietnam	Other receivable-related parties	Yes	650,840	649,000	649,000	6.0%	1	Processing 1,921,298	None	-	None	-	1,921,298	5,637,066
0	The Company	Triple Vietnam	Other receivable-related parties	Yes	81,355	81,125	81,125	6.0%	1	Processing 557,918	None	-	None	-	557,918	5,637,066
0	The Company	Leader Vietnam	Other receivable-related parties	Yes	506,028	504,598	309,898	6.0%	1	Processing 807,125	None	-	None	-	807,125	5,637,066
0	The Company	Makalot Bangladesh	Other receivable-related parties	Yes	252,616	-	-	3.0 %	2	-	Operating capital	-	None	-	2,818,533	5,637,066
0	The Company	Makalot Salvador	Other receivable-related parties	Yes	130,168	129,800	-	6.0 %	2	-	Operating capital	-	None	-	2,818,533	5,637,066

Note: The ceiling on total loans granted by the Company to all parties is 40% of its net assets in the financial statements; the ceiling on the short-term financing for each entity's operating capital granted by the Company is 20% of its net assets in the financial statements; the ceiling on the loan granted by the Company to each entity which has business transactions with the Company is the transaction amount within a year. The policy for loans granted mutually between its overseas subsidiaries of which the Company directly or indirectly holds 100% of their voting shares is as follows:

The ceiling on total loans granted by an on overseas subsidiary to all overseas subsidiaries is 50% of the lender's net assets in the most currently financial statement audited or reviewed by independent auditors; the limit on loans granted by an overseas subsidiary to each overseas subsidiary is 30% of the lender's net assets in the most currently financial statement audited or reviewed by independent auditors.

Note 1: Nature of financing: 1. Business transaction purpose. 2. Short-term financing purpose.

Note 2: Ending facility balance approved by BOD.

Note 3: The trading companies purchase materials from the Company and sell the final products back to the Company after processing. The Company provides the materials to its subsidiaries for productions. According to the regulation, the Company only discloses the amount of processing; however, the ceiling on the loan to the above entities is the actual amount of the transactions involving the final products.

Note 4: The credit limit between subsidiaries in China.

Note 5: The aforementioned transactions have been eliminated when preparing the consolidated financial statements.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Makalot Bangladesh	2	2,818,533	650,840	649,000	-	-	4.61 %	7,046,333	Y	N	N

Note: The ceiling on guarantees and endorsements by the Company to all parties is 50% of its net assets in the financial statements ; the ceiling on guarantees and endorsements by the Company to each entity is 20% of its net assets in the financial statements.

Note 1: Relationship between guarantee provider and receiver is as follows:

- (1) The company having transaction with the counterparty.
- (2) The company holding more than 50% of common shares of the subsidiary.
- (3) The company and its subsidiaries holding more than 50% of the common shares of the investee company.
- (4) The parent company holding more than 50% of the outstanding common shares of the investee company, directly or indirectly through a subsidiary.
- (5) Companies in same type of business and providing mutual endorsement and / or guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
- (6) Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.

(iii) Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included):

(In thousands of New Taiwan Dollars/thousand shares)

Name of holder	Category and name of security	Relationship with company	Account title	June 30, 2024			Fair value	Note
				Shares	Carrying value	Percentage of ownership (%)		
The Company	Dimerco Data System Corporation (DDSC)	None	Financial assets at fair value through profit or loss — current	1,005	119,637	1.32 %	119,637	
The Company	STARK Technology, Inc. (STARK)	None	"	57	6,726	0.05 %	6,726	
The Company	Cathay Financial Holding Co., Ltd. (Cathay Holdings)	None	"	40	2,360	-	2,360	
The Company	E.SUN Financial Holding Company, Ltd. (E.S.F.H)	None	"	70	1,999	-	1,999	
The Company	Yuanta Financial Holding Co., Ltd (Yuanta Group)	None	"	80	2,564	-	2,564	
The Company	Capital Securities CORP. (CSC)	None	"	90	2,259	-	2,259	
The Company	Capital Tip Customized Taiwan Select High Dividend Exchange Traded Fund	None	"	600	15,510	-	15,510	
The Company	Yuanta Taiwan Dividend Plus ETF	None	"	365	15,009	-	15,009	
The Company	Yuanta/P-shares Taiwan Top 50 ETF	None	"	135	25,171	-	25,171	
The Company	Yuanta Taiwan High Dividend Low Volatility ETF	None	"	200	11,550	-	11,550	
The Company	Cathay Taiwan 5G Plus ETF	None	"	200	5,112	-	5,112	

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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- (iv) Information regarding purchase or sale of securities for the period exceeding NT\$300 million or 20% of the Company's paid-in capital: None
- (v) Information on acquisition of Company's real estate with purchase amount exceeding NT\$300 million or 20% of the Company's paid-in capital: None
- (vi) Information regarding receivables from disposal of real estate exceeding NT\$300 million or 20% of the Company's paid-in capital: None
- (vii) Information regarding related-parties purchases and or sales exceeding NT\$100 million or 20% of the Company's paid-in capital:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Ecolot	Subsidiary	Purchase	281,277	4 %	45~60 days	-	-	(44,342)	1%	Note
The Company	Namtex	Investee under equity method	Purchase	427,522	5 %	45~60 days	-	-	(168,611)	5%	
The Company	PT Glory	Subsidiary	Processing	1,410,172	31 %	30~90 days	-	-	(131,140)	4%	Note
The Company	PT Starlight	Subsidiary	Processing	342,322	7 %	30~90 days	-	-	(75,993)	2%	Note
The Company	Makalot Cambodia	Subsidiary	Processing	760,582	16 %	30~90 days	-	-	(27,970)	1%	Note
The Company	Moha	Subsidiary	Processing	430,666	9 %	30~90 days	-	-	-	-%	Note
The Company	Makalot Vietnam	Subsidiary	Processing	916,604	20 %	30~90 days	-	-	(482,349)	14%	Note
The Company	Triple Vietnam	Subsidiary	Processing	252,497	5 %	30~90 days	-	-	(102,545)	3%	Note
The Company	Leader Vietnam	Subsidiary	Processing	349,774	8 %	30~90 days	-	-	(146,665)	4%	Note
The Company	CMZ	Subsidiary	Purchase	130,020	2 %	30~90 days	-	-	(57,977)	2%	Note
The Company	CJY	Subsidiary	Purchase	176,745	2 %	30~90 days	-	-	(74,613)	2%	Note

Note: The aforementioned transactions have been eliminated when preparing the consolidated financial statements.

Note 1: The mark-up price is based on the cost or re-sale price with a fixed ratio which is based on the cost and expense that the subsidiary incurred.

- (viii) information regarding receivables from related parties exceeding NT\$100 million or 20% of the Company's paid-in capital:

Name of company	Related party	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period (Note 2)	Loss allowance	Note
					Amount	Action taken			
The Company	PT Glory	Subsidiary	Other receivables	-	-	-	- (Note 1)	-	Note
			1,032,835						
The Company	PT Starlight	Subsidiary	Other receivables	-	-	-	- (Note 1)	-	Note
			197,026						
The Company	Makalot Cambodia	Subsidiary	Other receivables	-	-	-	16,099 (Note 1)	-	Note
			244,508						
The Company	Moha	Subsidiary	Other receivables	-	-	-	45,161 (Note 1)	-	Note
			332,434						

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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Name of company	Related party	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period (Note 2)	Loss allowance	Note
					Amount	Action taken			
The Company	Makalot Vietnam	Subsidiary	Other receivables	-	-	-	9,297 (Note 1)	-	Note
			658,351						
The Company	Leader Vietnam	Subsidiary	Other receivables	-	-	-	- (Note 1)	-	Note
			309,898						
PT Glory	The Company	Parent company	131,140	31.10	-	-	83,271	-	Note
Makalot Vietnam	The Company	Parent company	482,349	3.84	-	-	154,976	-	Note
Triple Vietnam	The Company	Parent company	102,545	3.96	-	-	38,716	-	Note
Leader Vietnam	The Company	Parent company	146,655	4.07	-	-	41,942	-	Note
Namtex	The Company	The company indirectly holds 50% of ownership	168,611	5.64	-	-	39,519	-	

Note: The aforementioned transactions have been eliminated when preparing the consolidated financial statements.

Note 1: The uncollected accounts receivable primarily consisted of loans.

Note 2: The amount was collected before July 19, 2024.

(ix) Information regarding trading in derivative financial instruments: None.

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Ecolot	1	Operating cost	281,277	Based on the market price	2%
0	"	PT Glory	1	"	1,410,172	"	9%
0	"	PT Starlight	1	"	342,322	"	2%
0	"	Makalot Cambodia	1	"	760,582	"	5%
0	"	Moha	1	"	430,666	"	3%
0	"	Makalot Vietnam	1	"	916,604	"	6%
0	"	Triple Vietnam	1	"	252,497	"	2%
0	"	Leader Vietnam	1	"	349,774	"	2%
0	"	CMZ	1	"	130,020	"	1%
0	"	CJY	1	"	176,745	"	1%
0	"	PT Glory	1	Accounts payable	131,140	30~90 days	1%
0	"	Makalot Vietnam	1	"	482,349	"	2%
0	"	Triple Vietnam	1	"	102,545	"	-%
0	"	Leader Vietnam	1	"	146,655	"	1%
0	"	PT Glory	1	Other non-current receivables	1,018,929	Financing	4%

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	PT Starlight	1	Other non-current receivables	194,376	Financing	1%
0	"	Makalot Cambodia	1	"	225,500	"	1%
0	"	Moha	1	"	283,613	"	1%
0	"	Makalot Vietnam	1	"	649,000	"	3%
0	"	Leader Vietnam	1	"	309,898	"	1%

Note 1: 0 represents the parent company. The subsidiaries start sequentially from 1 in Arabic numerals.

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

- 1.parent to subsidiary
- 2.subsidiary to parent
- 3.subsidiary to subsidiary

Note 3: The aforementioned transactions have been eliminated when preparing the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2024 (excluding information on investments in Mainland China):

(In thousands of New Taiwan Dollars/share)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value			
The Company	Global	British Virgin Islands	Investment holding	1,143,950	1,115,915	36,372	100.00 %	1,427,821	(18,396)	(18,160)	Subsidiary
The Company	Leader PH	Philippines	Manufacture of garments	7,281	7,281	249,995	99.99 %	14,879	(2,812)	(2,811)	Subsidiary
The Company	Diamond	Philippines	Manufacture of garments	-	-	149,995	99.99 %	3,078	(144)	(144)	Subsidiary
The Company	Primeline	Philippines	Manufacture of garments	9,945	9,945	99,995	99.99 %	54	(4)	(4)	Subsidiary
The Company	Fortune Star	Samoa	Investment holding	525,309	609,846	16,359,091	100.00 %	700,084	84,207	83,235	Subsidiary
The Company	Triple	Samoa	Investment holding	574,631	574,631	18,650,000	100.00 %	244,062	(13,422)	(14,498)	Subsidiary
The Company	Makalot Salvador	Salvador	Manufacture of garments	64,277	-	199,000	99.50 %	64,559	(16)	(16)	Subsidiary
The Company	Ecolot	Taiwan	Trade service	22,302	22,302	3,699,000	61.65 %	162,864	93,615	53,607	Subsidiary
The Company	Gilda	Taiwan	Sale of garments	5,000	5,000	500,000	100.00 %	5,024	15	15	Subsidiary
The Company	Great Time	Taiwan	Manufacture and sales of garments	50,000	50,000	2,500,000	100.00 %	46,684	10,020	10,020	Subsidiary
Global	PT Glory	Indonesia	Manufacture of garments	723,023	538,708	179,740	95.00 %	854,557	(14,360)	(13,630)	Subsidiary
Global	PT Starlight	Indonesia	Manufacture of garments	3,645	3,645	1,050	5.00 %	5,867	(2,900)	(145)	Subsidiary
Global	Makalot Cambodia	Cambodia	Manufacture of garments	153,340	153,340	1,000	100.00 %	(50,527)	1,519	1,519	Subsidiary
Global	Makalot Vietnam	Vietnam	Manufacture of garments	315,263	315,263	-	100.00 %	479,139	(4,420)	(4,420)	Subsidiary
Global	Makalot Bangladesh	Bangladesh	Manufacture of garments	144,000	144,000	-	95.00 %	139,952	(3,570)	(3,392)	Subsidiary
Triple	Moha	Cambodia	Manufacture of garments	94,524	94,524	1,000	100.00 %	(94,129)	(10,586)	(10,586)	Subsidiary
Triple	Triple Vietnam	Vietnam	Manufacture of garments	81,171	81,171	-	100.00 %	96,638	(714)	(714)	Subsidiary

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value			
Triple	Leader Vietnam	Vietnam	Manufacture of garments	238,992	238,992	-	100.00 %	238,222	(1,944)	(1,944)	Subsidiary (Note 2)
Triple	Makalot Bangladesh	Bangladesh	Manufacture of garments	7,600	7,600	-	5.00 %	7,366	(3,570)	(179)	Subsidiary
Fortune Star	Wintop	Hong Kong	Investment holding	278,078	277,755	9,080,000	100.00 %	449,582	35,036	35,036	Subsidiary
Fortune Star	Crown Era	Hong Kong	Investment holding	59,440	59,440	1,580,000	100.00 %	28,505	(3,007)	(3,007)	Subsidiary
Fortune Star	Crownway	Hong Kong	Investment holding	68,120	162,422	1,680,000	100.00 %	74,454	55,664	55,664	Subsidiary
Fortune Star	PT Starlight	Indonesia	Manufacture of garments	61,532	61,532	19,950	95.00 %	105,512	(2,900)	(2,755)	Subsidiary
Fortune Star	PT Glory	Indonesia	Manufacture of garments	40,217	30,452	9,460	5.00 %	46,092	(14,609)	(730)	Subsidiary
Wintop	Namtex	Vietnam	Wearing	270,979	270,979	-	50.00 %	412,141	91,016	44,823	The Company indirectly holds 50% of ownership
Wintop	Makalot Salvador	Salvador	Manufacture of garments	323	-	1,000	0.50 %	324	(16)	-	Subsidiary
Ecolot	Top Shiny	Hong Kong	Investment holding	17,016	17,016	540,026	100.00 %	65,692	9,256	9,256	Subsidiary

Note : The aforementioned transactions between the Company and subsidiaries have been eliminated when preparing the consolidated financial statements.

Note 1: Investment gain or loss recognized in the current period included sales from subsidiaries to parent company.

Note 2: Due to the adjustment of the Group's investment structure, Top Trend sold the entire shares of Leader Vietnam to Triple for \$238,992 thousand, which was disclosed in the financial statements. In light of the above transaction, the original amount invested by Top Trend in Leader Vietnam was \$390,700 thousand.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated investment paid by Taiwan as of January 1, 2024	Investment flows		Accumulated investment paid by Taiwan as of June 30, 2024	Net income (losses) of the investee	Direct/Indirect shareholding by the Company	Investment income (losses)	Carrying value as of March 31, 2024	Accumulated remittance of earnings as of this year
					Outflow	Inflow						
CMK	Manufacture of garments	27,033	2	27,033	-	-	27,033	(10,678)	100.00 %	(10,678)	30,231	14,378
CMZ	Manufacture of garments	59,440	2	59,440	-	-	59,440	(3,007)	100.00 %	(3,007)	28,495	7,304
CJY	Manufacture of garments	68,120	2	68,120	-	-	68,120	3,432	100.00 %	3,432	74,438	-
CJR(Note 1)	Manufacture of garments	94,302	2	94,302	-	94,302	-	47,770	- %	47,770	-	149,392
CBS	Trade service	11,039	2	11,039	-	-	11,039	9,256	100.00 %	9,256	65,692	-

Note : There are three kinds of investments

1. Invest directly in Mainland China companies.
2. Invest in Mainland China by remitting through a third region.
3. Others.

Note 1: CJR was dissolved and liquidated on May 7, 2024.

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(ii) Upper limit on investment in Mainland China:

Accumulated investment in Mainland China as of June 30, 2024	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment
165,632	313,080	8,455,599

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(d) Major shareholders:

No shareholder is in possession of more than 5% of the Company’s shares.

(14) Segment information

For the three months ended June 30, 2024	Selling and manufacturing of garments	Other segments	Adjustments and cancellation	Total
Revenue				
Revenue from external customers	\$ 7,266,087	428,074	-	7,694,161
Total revenue	<u>\$ 7,266,087</u>	<u>428,074</u>	<u>-</u>	<u>7,694,161</u>
Segment income or loss	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Segment total assets	(Note 1)	(Note 1)	(Note 1)	(Note 1)

For the three months ended June 30, 2023	Selling and manufacturing of garments	Other segments	Adjustments and cancellation	Total
Revenue				
Revenue from external customers	\$ 7,017,041	207,066	-	7,224,107
Total revenue	<u>\$ 7,017,041</u>	<u>207,066</u>	<u>-</u>	<u>7,224,107</u>
Segment income or loss	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Segment total assets	(Note 1)	(Note 1)	(Note 1)	(Note 1)

For the six months ended June 30, 2024	Selling and manufacturing of garments	Other segments	Adjustments and cancellation	Total
Revenue				
Revenue from external customers	\$ 15,727,403	574,787	-	16,302,190
Total revenue	<u>\$ 15,727,403</u>	<u>574,787</u>	<u>-</u>	<u>16,302,190</u>
Segment income or loss	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Segment total assets	(Note 1)	(Note 1)	(Note 1)	(Note 1)

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>For the six months ended June 30, 2023</u>	<u>Selling and manufacturing of garments</u>	<u>Other segments</u>	<u>Adjustments and cancellation</u>	<u>Total</u>
Revenue				
Revenue from external customers	\$ 14,697,495	360,873	-	15,058,368
Total revenue	<u>\$ 14,697,495</u>	<u>360,873</u>	<u>-</u>	<u>15,058,368</u>
Segment income or loss	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Segment total assets	(Note 1)	(Note 1)	(Note 1)	(Note 1)

Note 1: The Group discloses the amounts as zero due to the fact that the amounts of its segment income or loss and total assets were not provided to the chief operating decision maker.