

# **Pacific Hospital Supply Co., Ltd.**

**Financial Statements for the  
Three Months Ended March 31, 2024 and 2023 and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders  
Pacific Hospital Supply Co., Ltd.

### Introduction

We have reviewed the accompanying balance sheets of Pacific Hospital Supply Co., Ltd. (the "Company") as of March 31, 2024 and 2023, and the related statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the related notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements"). Management is responsible for the preparation and fair presentation of the 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 financial statements based on our reviews.

### Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying financial statements do not give a true and fair view of the financial position of the Company as of March 31, 2024 and 2023, and its financial performance and its cash flows for the three 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 Chao-Ling Chen and Chun-Ming Hsueh.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 7, 2024

Notice to Readers

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

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

# PACIFIC HOSPITAL SUPPLY CO., LTD.

## BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 6 and 24)	\$ 725,184	19	\$ 744,983	20	\$ 851,575	23
Financial assets at amortized cost - current (Notes 7 and 24)	320,000	8	245,640	7	-	-
Notes receivable (Notes 4, 8 and 24)	27,146	1	22,113	1	13,663	1
Accounts receivable (Notes 4, 8, 18 and 24)	236,930	6	168,587	4	198,756	5
Other receivables (Notes 4, 8 and 24)	7,787	-	10,486	-	11,693	-
Inventories (Notes 4 and 9)	313,973	8	343,787	9	337,155	9
Prepayments	26,297	1	19,535	-	39,335	1
Other current assets (Note 14)	<u>2,578</u>	<u>-</u>	<u>2,512</u>	<u>-</u>	<u>2,138</u>	<u>-</u>
Total current assets	<u>1,659,895</u>	<u>43</u>	<u>1,557,643</u>	<u>41</u>	<u>1,454,315</u>	<u>39</u>
NON-CURRENT ASSETS						
Property, plant and equipment (Notes 4, 10, 22 and 26)	1,617,299	42	1,645,230	44	1,724,205	46
Right-of-use assets (Notes 4, 11 and 25)	422,577	11	422,116	11	424,463	11
Investment properties (Notes 4, 12 and 26)	91,180	3	91,257	3	91,488	3
Other intangible assets (Notes 4 and 13)	4,394	-	5,081	-	4,720	-
Deferred tax assets (Notes 4 and 20)	8,987	-	10,978	-	8,471	-
Net defined benefit assets-non-current (Notes 4 and 16)	9,087	-	9,261	-	8,199	-
Other non-current assets (Notes 14 and 22)	<u>35,099</u>	<u>1</u>	<u>26,328</u>	<u>1</u>	<u>29,544</u>	<u>1</u>
Total non-current assets	<u>2,188,623</u>	<u>57</u>	<u>2,210,251</u>	<u>59</u>	<u>2,291,090</u>	<u>61</u>
TOTAL	<u>\$ 3,848,518</u>	<u>100</u>	<u>\$ 3,767,894</u>	<u>100</u>	<u>\$ 3,745,405</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities (Note 18)	\$ 35,605	1	\$ 44,694	1	\$ 42,174	1
Notes payable (Note 24)	2,048	-	2,970	-	2,979	-
Accounts payable (Note 24)	171,998	5	171,015	5	186,325	5
Other payables (Notes 15, 22 and 24)	166,637	4	210,538	6	162,888	4
Current tax liabilities (Notes 4 and 20)	90,603	2	67,410	2	81,459	2
Lease liabilities - current (Notes 4, 11, 22, 24 and 25)	15,956	1	15,575	-	13,119	1
Other current liabilities (Note 15)	<u>2,351</u>	<u>-</u>	<u>2,600</u>	<u>-</u>	<u>2,474</u>	<u>-</u>
Total current liabilities	<u>485,198</u>	<u>13</u>	<u>514,802</u>	<u>14</u>	<u>491,418</u>	<u>13</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Notes 4 and 20)	1,739	-	-	-	1,122	-
Lease liabilities - non-current (Notes 4, 11, 22, 24 and 25)	419,727	11	418,889	11	421,960	11
Guarantee deposits (Note 15)	<u>644</u>	<u>-</u>	<u>644</u>	<u>-</u>	<u>644</u>	<u>-</u>
Total non-current liabilities	<u>422,110</u>	<u>11</u>	<u>419,533</u>	<u>11</u>	<u>423,726</u>	<u>11</u>
Total liabilities	<u>907,308</u>	<u>24</u>	<u>934,335</u>	<u>25</u>	<u>915,144</u>	<u>24</u>
EQUITY (Note 17)						
Share capital						
Ordinary shares	<u>726,000</u>	<u>19</u>	<u>726,000</u>	<u>19</u>	<u>726,000</u>	<u>20</u>
Capital surplus	<u>344,665</u>	<u>9</u>	<u>344,665</u>	<u>9</u>	<u>344,665</u>	<u>9</u>
Retained earnings						
Legal reserve	483,771	12	483,771	13	449,991	12
Unappropriated earnings	<u>1,386,774</u>	<u>36</u>	<u>1,279,123</u>	<u>34</u>	<u>1,309,605</u>	<u>35</u>
Total retained earnings	<u>1,870,545</u>	<u>48</u>	<u>1,762,894</u>	<u>47</u>	<u>1,759,596</u>	<u>47</u>
Total equity	<u>2,941,210</u>	<u>76</u>	<u>2,833,559</u>	<u>75</u>	<u>2,830,261</u>	<u>76</u>
TOTAL	<u>\$ 3,848,518</u>	<u>100</u>	<u>\$ 3,767,894</u>	<u>100</u>	<u>\$ 3,745,405</u>	<u>100</u>

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

# PACIFIC HOSPITAL SUPPLY CO., LTD.

## STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4 and 18)	\$ 563,985	100	\$ 626,322	100
OPERATING COSTS (Notes 4, 9, 16 and 19)				
Cost of goods sold	<u>389,732</u>	<u>69</u>	<u>427,230</u>	<u>68</u>
GROSS PROFIT	<u>174,253</u>	<u>31</u>	<u>199,092</u>	<u>32</u>
OPERATING EXPENSES (Notes 16, 19 and 25)				
Selling and marketing expense	17,719	3	19,098	3
General and administrative expense	26,248	5	28,818	5
Research and development expense	<u>17,694</u>	<u>3</u>	<u>12,225</u>	<u>2</u>
Total operating expenses	<u>61,661</u>	<u>11</u>	<u>60,141</u>	<u>10</u>
OPERATING INCOME	<u>112,592</u>	<u>20</u>	<u>138,951</u>	<u>22</u>
NON-OPERATING INCOME AND EXPENSES (Note 19)				
Interest income	5,442	1	2,902	1
Other income	3,626	1	5,518	1
Other gains and losses	14,899	2	(3,502)	(1)
Finance costs	<u>(1,458)</u>	<u>-</u>	<u>(1,442)</u>	<u>-</u>
Total non-operating income and expenses	<u>22,509</u>	<u>4</u>	<u>3,476</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	135,101	24	142,427	23
INCOME TAX EXPENSE (Notes 4 and 20)	<u>27,450</u>	<u>5</u>	<u>28,866</u>	<u>5</u>
NET PROFIT FOR THE PERIOD	<u>107,651</u>	<u>19</u>	<u>113,561</u>	<u>18</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 107,651</u>	<u>19</u>	<u>\$ 113,561</u>	<u>18</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 1.48</u>		<u>\$ 1.56</u>	
Diluted	<u>\$ 1.48</u>		<u>\$ 1.56</u>	

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

PACIFIC HOSPITAL SUPPLY CO., LTD.

STATEMENTS OF CHANGES IN EQUITY  
(In Thousands of New Taiwan Dollars)

	Share Capital (Note 17)		Capital Surplus (Note 17)	Retained Earnings (Notes 4, 17 and 21)		Total	Total Equity
	Ordinary Shares (In Thousands)	Amount		Legal Reserve	Unappropriated Earnings		
BALANCE AT JANUARY 1, 2023	72,600	\$ 726,000	\$ 344,665	\$ 449,991	\$ 1,196,044	\$ 1,646,035	\$ 2,716,700
Net profit for the three months ended March 31, 2023	-	-	-	-	113,561	113,561	113,561
BALANCE AT MARCH 31, 2023	<u>72,600</u>	<u>\$ 726,000</u>	<u>\$ 344,665</u>	<u>\$ 449,991</u>	<u>\$ 1,309,605</u>	<u>\$ 1,759,596</u>	<u>\$ 2,830,261</u>
BALANCE AT JANUARY 1, 2024	72,600	\$ 726,000	\$ 344,665	\$ 483,771	\$ 1,279,123	\$ 1,762,894	\$ 2,833,559
Net profit for the three months ended March 31, 2024	-	-	-	-	107,651	107,651	107,651
BALANCE AT MARCH 31, 2024	<u>72,600</u>	<u>\$ 726,000</u>	<u>\$ 344,665</u>	<u>\$ 483,771</u>	<u>\$ 1,386,774</u>	<u>\$ 1,870,545</u>	<u>\$ 2,941,210</u>

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

# PACIFIC HOSPITAL SUPPLY CO., LTD.

## STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 135,101	\$ 142,427
Adjustments for:		
Depreciation expenses	34,190	34,795
Amortization expenses	1,309	1,305
Finance costs	1,458	1,442
Interest income	(5,442)	(2,902)
(Gain) loss on disposal of property, plant and equipment	(23)	5
Write-downs of inventories	1,095	-
Reversal of write-downs of inventories	-	(1,786)
Net (gain) loss on foreign currency exchange	(12,879)	2,656
Changes in operating assets and liabilities		
Notes receivable	(5,033)	15,086
Accounts receivable	(65,830)	5,892
Other receivables	2,814	(577)
Inventories	28,719	31,360
Prepayments	(6,762)	(15,365)
Other current assets	(66)	687
Net defined benefit assets-non-current	174	(704)
Contract liabilities	(9,089)	9,559
Notes payable	(922)	471
Accounts payable	983	(16,942)
Other payables	(41,293)	(29,446)
Other current liabilities	(249)	29
Cash generated from operations	58,255	177,992
Interest received	5,327	2,438
Interest paid	(1,458)	(1,442)
Income tax paid	(527)	(241)
Net cash generated from operating activities	61,597	178,747
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at amortized cost	(62,425)	-
Increase in prepayments for equipment	(9,796)	(3,624)
Acquisition of property, plant and equipment	(4,838)	(6,452)
Proceeds from disposal of property, plant and equipment	484	-
Increase in refundable deposits	(240)	(391)
Decrease in refundable deposits	192	710
Acquisition of intangible assets	(622)	(263)
Net cash used in investing activities	(77,245)	(10,020)

(Continued)

# PACIFIC HOSPITAL SUPPLY CO., LTD.

## STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	\$ (2,582)	\$ (1,939)
Net cash used in financing activities	<u>(2,582)</u>	<u>(1,939)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(1,569)</u>	<u>(3,502)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(19,799)	163,286
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>744,983</u>	<u>688,289</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 725,184</u>	<u>\$ 851,575</u>

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

(Concluded)



# **PACIFIC HOSPITAL SUPPLY CO., LTD.**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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### **1. GENERAL INFORMATION**

Pacific Hospital Supply Co., Ltd. (the “Company”) mainly manufactures, processes and sells medical disposable products and equipment and does medical engineering work on centralized medical gas piping systems.

The Company’s shares were listed and have been trading on the Taipei Exchange since February 2004.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

### **2. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the board of directors and authorized for issuance on May 7, 2024.

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

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

Except for the following, the initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Company’s accounting policies:

- 1) Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

The Company applied the amendments to sale and leaseback transactions entered into on or after the date of initial application to IFRS 16. The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in such a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

- 2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights exist at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Company shall disclose information that enables users of financial statements to understand the risk of the Company, which may have difficulty complying with the covenants and repaying its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that, at the option of the counterparty, result in its settlement by a transfer of the Company’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

- 3) Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”

The Company has applied the amendments since January 1, 2024. The amendments stipulate that supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, the suppliers are paid. The Company shall disclose the relevant information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the Company’s liabilities and cash flows and on the Company’s exposure to liquidity risk.

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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Company shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Company loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Company sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated.

2) Amendments to IAS 21 “Lack of Exchangeability”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Company shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

3) IFRS 18 “Presentation and Disclosures in Financial Statements”

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into Company based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as ‘other’ only if it cannot find a more informative label.

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

Except for the above impact, as of the date the independent financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **Statement of Compliance**

These interim financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim financial statements is less than the disclosure information required in a complete set of annual financial statements.

##### **Basis of Preparation**

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 inputs are unobservable inputs for an asset or liability.

##### **Other Material Accounting Policies**

Except for the following, please refer to the financial statements for the year ended December 31, 2023.

- Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

- Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

c. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. If a temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences, the resulting deferred tax asset or liability is not recognized. In addition, a deferred tax liability is not recognized on taxable temporary differences arising from the initial recognition of goodwill.

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

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

When developing material accounting estimates, the Company considers the possible impact of the economic environment implications of the military conflict between Russia and Ukraine and related international sanction on estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Please refer to the financial statements for the year ended December 31, 2023 for the description of critical accounting judgements and key sources of estimation uncertainty.

## 6. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 610	\$ 655	\$ 634
Checking accounts and demand deposits	660,574	593,918	548,341
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	32,000	119,705	302,600
Repurchase agreements collateralized by bonds	<u>32,000</u>	<u>30,705</u>	<u>-</u>
	<u>\$ 725,184</u>	<u>\$ 744,983</u>	<u>\$ 851,575</u>

The interest rate intervals of cash in bank and repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Demand deposits	0.001%-3.90%	0.001%-1.45%	0.001%-1.25%
Time deposits	5.28%	1.10%-5.60%	1.03%-4.85%
Repurchase agreements collateralized by bonds	5.40%	5.68%	-

## 7. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months	\$ 320,000	\$ 245,640	\$ -

The interest rate intervals of time deposits at the end of the reporting period were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Time deposits with original maturities of more than 3 months	4.75%-5.35%	4.75%-5.35%	-

## 8. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Notes receivable</u>			
From operations	\$ 27,146	\$ 22,113	\$ 13,663
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 236,930	\$ 168,587	\$ 198,756
Less: Allowance for impairment loss	-	-	-
	\$ 236,930	\$ 168,587	\$ 198,756
<u>Other receivables</u>			
Value-added tax refund receivable	\$ 6,775	\$ 9,588	\$ 11,038
Others	1,012	898	655
	\$ 7,787	\$ 10,486	\$ 11,693

### Notes receivable, accounts receivable and other receivables

Loss allowance against notes receivable and other receivables was not provided in view of the fact that historical experience indicates that recovery is highly probable.

The average credit period of sales of goods was 30-120 days. No interest was charged on accounts receivable.

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

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer and the customer's current financial position. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation, or when the accounts receivable are over 365 days past due, whichever occurs earlier. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Company's provision matrix.

#### March 31, 2024

	<b>Not Past Due</b>	<b>1 to 90 Days Past Due</b>	<b>91 to 180 Days Past Due</b>	<b>181 to 365 Days Past Due</b>	<b>Over 365 Days Past Due</b>	<b>Total</b>
Expected credit loss rate	0%	0%	0%	10%	100%	
Gross carrying amount	\$ 171,354	\$ 63,448	\$ 2,128	\$ -	\$ -	\$ 236,930
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Amortized cost	<u>\$ 171,354</u>	<u>\$ 63,448</u>	<u>\$ 2,128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236,930</u>

#### December 31, 2023

	<b>Not Past Due</b>	<b>1 to 90 Days Past Due</b>	<b>91 to 180 Days Past Due</b>	<b>181 to 365 Days Past Due</b>	<b>Over 365 Days Past Due</b>	<b>Total</b>
Expected credit loss rate	0%	0%	0%	10%	100%	
Gross carrying amount	\$ 111,971	\$ 56,616	\$ -	\$ -	\$ -	\$ 168,587
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Amortized cost	<u>\$ 111,971</u>	<u>\$ 56,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,587</u>

#### March 31, 2023

	<b>Not Past Due</b>	<b>1 to 90 Days Past Due</b>	<b>91 to 180 Days Past Due</b>	<b>181 to 365 Days Past Due</b>	<b>Over 365 Days Past Due</b>	<b>Total</b>
Expected credit loss rate	0%	0%	0%	10%	100%	
Gross carrying amount	\$ 142,286	\$ 56,106	\$ 364	\$ -	\$ -	\$ 198,756
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Amortized cost	<u>\$ 142,286</u>	<u>\$ 56,106</u>	<u>\$ 364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,756</u>

The movements of the loss allowance of accounts receivable were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at the beginning and the end of the period	\$ <u>          -</u>	\$ <u>          -</u>

## 9. INVENTORIES

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Finished goods	\$ 94,808	\$ 127,763	\$ 104,722
Work in progress	64,158	44,748	77,394
Raw materials	<u>155,007</u>	<u>171,276</u>	<u>155,039</u>
	<u>\$ 313,973</u>	<u>\$ 343,787</u>	<u>\$ 337,155</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2024 and 2023 was \$389,732 thousand and \$427,230 thousand, respectively.

The cost of goods sold for the three months ended March 31, 2024 and 2023 included inventory write-downs of \$1,095 thousand and a reversal of inventory write-downs of \$1,786 thousand. Reversal of inventory write-downs were due to sales of inventories against which write-downs were recognized in prior years and increase in realizable value.

## 10. PROPERTY, PLANT AND EQUIPMENT

	<b>Freehold Land</b>	<b>Buildings</b>	<b>Machinery and Equipment</b>	<b>Transportation Equipment</b>	<b>Miscellaneous Equipment</b>	<b>Total</b>
<u>Cost</u>						
Balance at January 1, 2023	\$ 118,319	\$ 1,584,075	\$ 691,394	\$ 12,459	\$ 414,226	\$ 2,820,473
Additions	-	-	1,122	-	2,642	3,764
Disposals	-	-	-	-	(150)	(150)
Reclassification	-	-	1,710	-	826	2,536
Balance at March 31, 2023	<u>\$ 118,319</u>	<u>\$ 1,584,075</u>	<u>\$ 694,226</u>	<u>\$ 12,459</u>	<u>\$ 417,544</u>	<u>\$ 2,826,623</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ 366,855	\$ 365,240	\$ 8,465	\$ 329,814	\$ 1,070,374
Disposals	-	-	-	-	(145)	(145)
Depreciation expenses	-	13,317	11,500	329	7,043	32,189
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 380,172</u>	<u>\$ 376,740</u>	<u>\$ 8,794</u>	<u>\$ 336,712</u>	<u>\$ 1,102,418</u>
Carrying amounts at March 31, 2023	<u>\$ 118,319</u>	<u>\$ 1,203,903</u>	<u>\$ 317,486</u>	<u>\$ 3,665</u>	<u>\$ 80,832</u>	<u>\$ 1,724,205</u>
<u>Cost</u>						
Balance at January 1, 2024	\$ 118,319	\$ 1,585,125	\$ 693,712	\$ 7,679	\$ 418,137	\$ 2,822,972
Additions	-	-	275	990	965	2,230
Disposals	-	-	(2,293)	-	(750)	(3,043)
Reclassification	-	-	495	-	578	1,073
Balance at March 31, 2024	<u>\$ 118,319</u>	<u>\$ 1,585,125</u>	<u>\$ 692,189</u>	<u>\$ 8,669</u>	<u>\$ 418,930</u>	<u>\$ 2,823,232</u>

(Continued)



	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Total
<u>Accumulated depreciation</u>						
Balance at January 1, 2024	\$ -	\$ 420,049	\$ 402,052	\$ 5,508	\$ 350,133	\$ 1,177,742
Disposals	-	-	(2,065)	-	(517)	(2,582)
Depreciation expenses	-	13,308	11,511	132	5,822	30,773
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 433,357</u>	<u>\$ 411,498</u>	<u>\$ 5,640</u>	<u>\$ 355,438</u>	<u>\$ 1,205,933</u>
Carrying amounts at December 31, 2023 and January 1, 2024	<u>\$ 118,319</u>	<u>\$ 1,165,076</u>	<u>\$ 291,660</u>	<u>\$ 2,171</u>	<u>\$ 68,004</u>	<u>\$ 1,645,230</u>
Carrying amounts at March 31, 2024	<u>\$ 118,319</u>	<u>\$ 1,151,768</u>	<u>\$ 280,691</u>	<u>\$ 3,029</u>	<u>\$ 63,492</u>	<u>\$ 1,617,299</u>
						(Concluded)

No impairment assessment was performed for the three months ended March 31, 2024 and 2023 as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Plant	30-51 years
Electrical power equipment	15-30 years
Others	2-50 years
Machinery and equipment	2-26 years
Transportation equipment	5-11 years
Miscellaneous equipment	2-15 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 26.

## 11. LEASE ARRANGEMENTS

### a. Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amounts</u>			
Land	\$ 418,158	\$ 416,803	\$ 424,073
Buildings	<u>4,419</u>	<u>5,313</u>	<u>390</u>
	<u>\$ 422,577</u>	<u>\$ 422,116</u>	<u>\$ 424,463</u>
		<b>For the Three Months Ended March 31</b>	
		<b>2024</b>	<b>2023</b>
Additions to right-of-use assets		<u>\$ 3,801</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets			
Land		\$ 2,445	\$ 2,423
Buildings		<u>895</u>	<u>106</u>
		<u>\$ 3,340</u>	<u>\$ 2,529</u>

b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amounts</u>			
Current	\$ 15,956	\$ 15,575	\$ 13,119
Non-current	\$ 419,727	\$ 418,889	\$ 421,960

Range of discount rate for lease liabilities was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Land	1.32%	1.32%	1.32%
Buildings	1.32%-1.79%	1.32%-1.79%	1.32%

c. Material lease-in activities and terms

The Company leases land for use as a factory, with lease terms from November 2014 to December 2033. The Company has options to renew the lease at the end of the lease terms.

## 12. INVESTMENT PROPERTIES

	Freehold Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2023 and March 31, 2023	\$ 78,179	\$ 15,724	\$ 93,903
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	\$ -	\$ 2,338	\$ 2,338
Depreciation expenses	-	77	77
Balance at March 31, 2023	\$ -	\$ 2,415	\$ 2,415
Carrying amounts at December 31, 2022 and January 1, 2023	\$ 78,179	\$ 13,386	\$ 91,565
Carrying amounts at March 31, 2023	\$ 78,179	\$ 13,309	\$ 91,488
<u>Cost</u>			
Balance at January 1, 2024 and March 31, 2024	\$ 78,179	\$ 15,724	\$ 93,903

(Continued)

	<b>Freehold Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Accumulated depreciation</u>			
Balance at January 1, 2024	\$ -	\$ 2,646	\$ 2,646
Depreciation expenses	<u>-</u>	<u>77</u>	<u>77</u>
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 2,723</u>	<u>\$ 2,723</u>
Carrying amounts at December 31, 2023 and January 1, 2024	<u>\$ 78,179</u>	<u>\$ 13,078</u>	<u>\$ 91,257</u>
Carrying amounts at March 31, 2024	<u>\$ 78,179</u>	<u>\$ 13,001</u>	<u>\$ 91,180</u>
			(Concluded)

The lease period of investment properties is from October 2020 to October 2025. The lessees do not have the bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Less than 1 year	\$ 3,583	\$ 3,611	\$ 3,508
1-5 years	<u>1,969</u>	<u>2,846</u>	<u>5,476</u>
	<u>\$ 5,552</u>	<u>\$ 6,457</u>	<u>\$ 8,984</u>

Buildings classified as investment properties are depreciated on a straight-line basis over their estimated useful lives of 51 years.

The investment properties were acquired on June 1, 2015. The fair value appraisal as of December 31, 2023 was performed by Euroasia Real Estate Appraisers Firm. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The fair value of investment properties was determined to be \$139,800 thousand.

All of the Company's investment properties were held under freehold interests.

### 13. OTHER INTANGIBLE ASSETS

	<b>Computer Software</b>
<u>Cost</u>	
Balance at January 1, 2023	\$ 9,945
Additions	263
Others	<u>(503)</u>
Balance at March 31, 2023	<u>\$ 9,705</u>
	(Continued)

	<b>Computer Software</b>
<u>Accumulated amortization</u>	
Balance at January 1, 2023	\$ 4,183
Amortization expenses	1,305
Others	<u>(503)</u>
Balance at March 31, 2023	<u>\$ 4,985</u>
Carrying amounts at December 31, 2022 and January 1, 2023	<u>\$ 5,762</u>
Carrying amounts at March 31, 2023	<u>\$ 4,720</u>
<u>Cost</u>	
Balance at January 1, 2024	\$ 10,631
Additions	622
Others	<u>(263)</u>
Balance at March 31, 2024	<u>\$ 10,990</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2024	\$ 5,550
Amortization expenses	1,309
Others	<u>(263)</u>
Balance at March 31, 2024	<u>\$ 6,596</u>
Carrying amounts at December 31, 2023 and January 1, 2024	<u>\$ 5,081</u>
Carrying amounts at March 31, 2024	<u>\$ 4,394</u>
	(Concluded)

Computer software were amortized on a straight-line basis over their estimated useful lives of 1 to 5 years.

#### 14. OTHER ASSETS

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<u>Current</u>			
Input tax	\$ -	\$ 446	\$ -
Others	<u>2,578</u>	<u>2,066</u>	<u>2,138</u>
	<u>\$ 2,578</u>	<u>\$ 2,512</u>	<u>\$ 2,138</u>
			(Continued)

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Non-current</u>			
Prepayments for equipment	\$ 18,671	\$ 9,948	\$ 12,901
Refundable deposits	<u>16,428</u>	<u>16,380</u>	<u>16,643</u>
	<u>\$ 35,099</u>	<u>\$ 26,328</u>	<u>\$ 29,544</u>
			(Concluded)

## 15. OTHER LIABILITIES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Other payables			
Payables for salaries and bonuses	\$ 54,147	\$ 99,951	\$ 55,037
Payables for compensation of employees	47,000	37,000	40,000
Payables for vacation compensation	17,604	20,991	15,034
Payables for remuneration of directors	5,100	4,000	5,000
Payables for purchase of equipment	1,112	3,720	1,903
Others	<u>41,674</u>	<u>44,876</u>	<u>45,914</u>
	<u>\$ 166,637</u>	<u>\$ 210,538</u>	<u>\$ 162,888</u>
Other liabilities			
Others	<u>\$ 2,351</u>	<u>\$ 2,600</u>	<u>\$ 2,474</u>
<u>Non-current</u>			
Guarantee deposits	<u>\$ 644</u>	<u>\$ 644</u>	<u>\$ 644</u>

## 16. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2024 and 2023, the pension expenses of defined benefit plans were \$737 thousand and \$45 thousand, respectively, which were calculated based on the pension cost rate determined by the actuarial calculation as of December 31, 2023 and 2022, respectively.

## 17. EQUITY

### a. Share capital

#### Ordinary shares

	March 31, 2024	December 31, 2023	March 31, 2023
Number of shares authorized (in thousands)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Shares authorized	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>72,600</u>	<u>72,600</u>	<u>72,600</u>
Shares issued	<u>\$ 726,000</u>	<u>\$ 726,000</u>	<u>\$ 726,000</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

### b. Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to share capital</u>			
Issuance of ordinary shares	<u>\$ 344,506</u>	<u>\$ 344,506</u>	<u>\$ 344,506</u>
<u>May only be used to offset a deficit</u>			
Donations	<u>\$ 159</u>	<u>\$ 159</u>	<u>\$ 159</u>

The capital surplus generated from the excess of the issuance price over the par value of capital stock (including share premium from issuance of ordinary shares and conversion of bonds) and donated assets, except for capital surplus from overdue dividends, may only be used to offset a deficit; in addition, when the Company has no deficit, other capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

### c. Retained earnings and dividends policy

Under the dividend policy as set forth in the Company's Articles of Incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 19 (g).

The Company has adopted the equalization dividend policy for the payment of dividends, which may be paid either in the form of share dividends (including dividends from earnings and capital surplus) or cash dividends. Dividend payments are made from the earnings in the current year earnings of the Company after the appropriation. In determining distribution of dividends, the board of directors shall take into consideration the general business and financial conditions of the Company, and shall be approved in the shareholders' meetings. The distribution method shall take into consideration the Company's operational needs and both dividend equality and shareholder rights protection policies; therefore distributions of cash dividends shall not be less than 20% of total dividends distributed.

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

Under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers on Special Reserves Appropriated Following Adoption of IFRS Accounting Standards, the Company should appropriate or reverse to a special reserve.

The appropriations of earnings for the years ended December 31, 2023 and 2022 approved in the board of directors' meeting on February 26, 2024 and the regular shareholders' meetings on June 14, 2023 respectively, were as follows:

	<b>Appropriation of Earnings For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Legal reserve	\$ 42,178	\$ 33,780
Cash dividends	\$ 348,480	\$ 304,920
Cash dividends per share (NT\$)	\$ 4.8	\$ 4.2

The appropriation of earnings for the year ended December 31, 2023 are subject to resolution in the shareholders' meeting to be held on June 14, 2024.

## 18. REVENUE

### a. Contract balances

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Accounts receivable (Note 8)			
Gross carrying amount	\$ 236,930	\$ 168,587	\$ 198,756
Contract liabilities			
Sale of goods	\$ 35,391	\$ 44,480	\$ 41,960
Others	214	214	214
	\$ 35,605	\$ 44,694	\$ 42,174

### b. Contracts not fully completed

The expected duration period of the Company's obligations related to contracts with customers not fully completed is no longer than 1 year.

## 19. PROFIT BEFORE INCOME TAX

### a. Interest income

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Bank deposits	\$ 4,994	\$ 2,902
Repurchase agreements collateralized by bonds	<u>448</u>	<u>-</u>
	<u>\$ 5,442</u>	<u>\$ 2,902</u>

### b. Other income

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Operating lease rental income		
Investment properties	\$ 907	\$ 889
Others	<u>2,719</u>	<u>4,629</u>
	<u>\$ 3,626</u>	<u>\$ 5,518</u>

### c. Other gains and losses

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Gains (losses) on disposal of property, plant and equipment	\$ 23	\$ (5)
Net foreign currency exchange gains (losses)	<u>14,876</u>	<u>(3,497)</u>
	<u>\$ 14,899</u>	<u>\$ (3,502)</u>

### d. Finance costs

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Interest on lease liabilities	\$ 1,456	\$ 1,440
Other interest expenses	<u>2</u>	<u>2</u>
	<u>\$ 1,458</u>	<u>\$ 1,442</u>



e. Depreciation and amortization

<b>For the Three Months Ended March 31</b>		
	<b>2024</b>	<b>2023</b>
Property, plant and equipment	\$ 30,773	\$ 32,189
Right-of-use assets	3,340	2,529
Investment properties	77	77
Intangible assets	<u>1,309</u>	<u>1,305</u>
	<u>\$ 35,499</u>	<u>\$ 36,100</u>
An analysis of depreciation by function		
Operating costs	\$ 31,878	\$ 33,125
Selling and marketing expenses	71	68
General and administrative expenses	1,295	1,377
Research and development expenses	<u>946</u>	<u>225</u>
	<u>\$ 34,190</u>	<u>\$ 34,795</u>
An analysis of amortization by function		
Operating costs	\$ 22	\$ 34
Selling and marketing expenses	240	269
General and administrative expenses	475	681
Research and development expenses	<u>572</u>	<u>321</u>
	<u>\$ 1,309</u>	<u>\$ 1,305</u>

f. Employee benefits expense

<b>For the Three Months Ended March 31</b>		
	<b>2024</b>	<b>2023</b>
Short-term benefits		
Salary expense	\$ 119,313	\$ 127,494
Insurance expense	<u>12,440</u>	<u>12,983</u>
	<u>131,753</u>	<u>140,477</u>
Post-employment benefits		
Defined contribution plans	4,325	4,220
Defined benefit plans	<u>737</u>	<u>45</u>
	<u>5,062</u>	<u>4,265</u>
Other employee benefits	<u>6,985</u>	<u>6,508</u>
Total employee benefits expense	<u>\$ 143,800</u>	<u>\$ 151,250</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 103,209	\$ 111,345
Operating expenses	<u>40,591</u>	<u>39,905</u>
	<u>\$ 143,800</u>	<u>\$ 151,250</u>

g. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrued compensation of employees and remuneration of directors at the rates of no less than 3% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. For the three months ended March 31, 2024 and 2023, compensation of employees and remuneration of directors were as follows:

Accrual rate

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Compensation of employees	6.84%	7.10%
Remuneration of directors	0.75%	0.90%

Amount

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 10,000	\$ 11,000
Remuneration of directors	1,100	1,400

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022 having been resolved by the board of directors on January 26, 2024 and January 13, 2023, respectively, were as below:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	\$ 37,000	\$ 29,000
Remuneration of directors	4,000	3,600

As of May 7, 2024, the compensation of employees and remuneration of directors for the year ended December 31, 2023 have not been paid.

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

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

h. Gains or losses on foreign currency exchange

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Foreign exchange gains	\$ 21,032	\$ 3,073
Foreign exchange losses	<u>(6,156)</u>	<u>(6,570)</u>
Net gains (losses)	<u>\$ 14,876</u>	<u>\$ (3,497)</u>

## 20. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense recognized in profit or loss:

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Current tax		
In respect of the current period	\$ 23,290	\$ 27,595
Adjustments for prior periods	<u>430</u>	<u>361</u>
	<u>23,720</u>	<u>27,956</u>
Deferred tax		
In respect of the current period	<u>3,730</u>	<u>910</u>
Income tax expense recognized in profit or loss	<u>\$ 27,450</u>	<u>\$ 28,866</u>

In the Republic of China, the corporate income tax rate is 20% and the tax rate of unappropriated earnings is 5%.

b. Income tax assessments

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

## 21. EARNINGS PER SHARE

	<b>Unit: NT\$ Per Share</b>	
	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Basic earnings per share	<u>\$ 1.48</u>	<u>\$ 1.56</u>
Diluted earnings per share	<u>\$ 1.48</u>	<u>\$ 1.56</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

**Net Profit for the Period**

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Earnings used in the computation of basic earnings per share and diluted earnings per share	<u>\$ 107,651</u>	<u>\$ 113,561</u>

**Weighted Average Number of Ordinary Shares Outstanding (In Thousands of Shares)**

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	72,600	72,600
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>244</u>	<u>193</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>72,844</u>	<u>72,793</u>

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

**22. NON-CASH TRANSACTIONS**

During the three months ended March 31, 2024 and 2023, the Company entered into the following non-cash investing activities which were not reflected in the statement of cash flows:

- a. The Company reclassified prepayments for equipment (included in other non-current assets) of \$1,073 thousand and \$2,536 thousand to property, plant and equipment during the three months ended March 31, 2024 and 2023, respectively.
- b. The amount of cash paid for acquisition of property, plant and equipment included a decrease of \$2,608 thousand and a decrease of \$2,688 thousand on payables for equipment purchased (included in other payables) during the three months ended March 31, 2024 and 2023, respectively.

c. Changes in liabilities arising from financing activities

For the three months ended March 31, 2024

	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>Non-cash Changes New Leases</b>	<b>Closing Balance</b>
Lease liabilities	<u>\$ 434,464</u>	<u>\$ (2,582)</u>	<u>\$ 3,801</u>	<u>\$ 435,683</u>

For the three months ended March 31, 2023

	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>Non-cash Changes New Leases</b>	<b>Closing Balance</b>
Lease liabilities	<u>\$ 437,018</u>	<u>\$ (1,939)</u>	<u>\$ -</u>	<u>\$ 435,079</u>

## 23. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concerns while maximizing the return to stockholders through the optimization of the debt and equity balance.

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

The Company is not subject to any externally imposed capital requirements.

## 24. FINANCIAL INSTRUMENTS

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

Management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values or cannot be reliably measured.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

The Company did not have financial assets and financial liabilities that are measured at fair value as of March 31, 2024, December 31, 2023 and March 31, 2023.

c. Categories of financial instruments

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<u>Financial assets</u>			
Financial assets measured at amortized cost (Note 1)	<u>\$ 1,317,047</u>	<u>\$ 1,191,809</u>	<u>\$ 1,075,687</u>
<u>Financial liabilities</u>			
Financial liabilities measured at amortized cost (Note 2)	<u>\$ 340,683</u>	<u>\$ 384,523</u>	<u>\$ 352,192</u>

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, investments in debt instruments, notes receivable, accounts receivable and other receivables.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise notes payable, accounts payable and other payables.

d. Financial risk management objectives and policies

The Company's major financial instruments include accounts receivable, accounts payable and borrowings. The Company's finance department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

Refer to Note 27 for the carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period.

Sensitivity analysis

The Company was mainly exposed to the fluctuation of the U.S. dollar, Japanese yen, Euro, Chinese yuan, Australian dollar, Swiss franc and Great British pound.

The sensitivity analysis details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. A sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. For 1% appreciation of the New Taiwan dollar against the relevant currency, post-tax profit for the three months ended March 31, 2024 and 2023 would have decreased by \$8,750 thousand and \$5,458 thousand, respectively. For a 1% depreciation of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on post-tax profit.

b) Interest rate risk

The Company was exposed to interest rate risk because entities in the Company borrowed funds at floating interest rates.

### Sensitivity analysis

The sensitivity analysis was determined based on the Company's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 10 basis point (0.1%) increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

#### 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company adopted a policy of only dealing with creditworthy counterparties, however, in order to minimize credit risk, management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Company's credit risk was significantly reduced.

#### 3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Company had available unutilized short-term bank loan facilities set out in (b) below.

##### a) Liquidity tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods, and is based on the undiscounted cash flows of financial liabilities.

#### March 31, 2024

	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-3 Years</b>	<b>3+ Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 288,583	\$ 52,100	\$ -	\$ -
Lease liabilities	<u>4,038</u>	<u>12,097</u>	<u>28,141</u>	<u>524,713</u>
	<u>\$ 292,621</u>	<u>\$ 64,197</u>	<u>\$ 28,141</u>	<u>\$ 524,713</u>

Additional information about the maturity analysis for lease liabilities is set out below:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 16,135</u>	<u>\$ 54,541</u>	<u>\$ 66,002</u>	<u>\$ 66,002</u>	<u>\$ 66,002</u>	<u>\$ 300,307</u>

December 31, 2023

	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-3 Years</b>	<b>3+ Years</b>
Non-derivative <u>financial liabilities</u>				
Non-interest bearing liabilities	\$ 343,523	\$ 41,000	\$ -	\$ -
Lease liabilities	<u>4,010</u>	<u>12,028</u>	<u>28,629</u>	<u>523,378</u>
	<u>\$ 347,533</u>	<u>\$ 53,028</u>	<u>\$ 28,629</u>	<u>\$ 523,378</u>

Additional information about the maturity analysis for lease liabilities is set out below:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 16,038</u>	<u>\$ 54,798</u>	<u>\$ 65,422</u>	<u>\$ 65,422</u>	<u>\$ 65,422</u>	<u>\$ 300,943</u>

March 31, 2023

	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-3 Years</b>	<b>3+ Years</b>
Non-derivative <u>financial liabilities</u>				
Non-interest bearing liabilities	\$ 307,192	\$ 45,000	\$ -	\$ -
Lease liabilities	<u>3,379</u>	<u>10,049</u>	<u>26,224</u>	<u>533,191</u>
	<u>\$ 310,571</u>	<u>\$ 55,049</u>	<u>\$ 26,224</u>	<u>\$ 533,191</u>

Additional information about the maturity analysis for lease liabilities is set out below:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 13,428</u>	<u>\$ 52,393</u>	<u>\$ 65,422</u>	<u>\$ 65,422</u>	<u>\$ 65,422</u>	<u>\$ 310,756</u>

The amounts included above for variable interest rate instruments for non-derivative financial liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.



b) Financing facilities

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank overdraft facilities which may be extended by mutual agreement			
Amount used	\$ -	\$ -	\$ -
Amount unused	<u>930,000</u>	<u>600,000</u>	<u>350,000</u>
	<u>\$ 930,000</u>	<u>\$ 600,000</u>	<u>\$ 350,000</u>
Secured bank overdraft facilities which may be extended by mutual agreement			
Amount used	\$ -	\$ -	\$ -
Amount unused	<u>-</u>	<u>-</u>	<u>800,000</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 800,000</u>

The Company's operating fund is deemed adequate to finance the Company's operations. Therefore, there is no liquidity risk of being unable to raise sufficient money to fulfill contractual obligations.

## 25. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties are summarized below:

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Chang, Hsien Su	The first degree of relationship with chairman of the Company

b. Lease arrangements - Company is lessee

Line Item	Related Party Name	March 31, 2024	December 31, 2023	March 31, 2023
Lease liabilities	Chang, Hsien Su	<u>\$ 55</u>	<u>\$ 73</u>	<u>\$ 127</u>
		<b>For the Three Months Ended March 31</b>		
<b>Related Party Name</b>		<b>2024</b>	<b>2023</b>	
<u>Depreciation expense</u>				
Chang, Hsien Su			<u>\$ 18</u>	<u>\$ 18</u>

The Company leased the office from Hsien-Su Chang in January 2022 with the lease term of one year. The Company has the option to renew the lease at the end of the lease terms. The rent is referenced to the rental rate of similar assets and is paid monthly as a fixed lease payment under the lease agreement.

c. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits	\$ 9,774	\$ 8,068
Post-employment benefits	<u>143</u>	<u>124</u>
	<u>\$ 9,917</u>	<u>\$ 8,192</u>

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

## 26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been provided as collateral for short-term and long-term bank loan facilities.

	March 31, 2024	December 31, 2023	March 31, 2023
Land and buildings, net	\$ -	\$ -	\$ 964,212
Investment properties	<u>-</u>	<u>-</u>	<u>91,488</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,055,700</u>

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

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

	March 31, 2024		
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign currency denominated assets</u>			
Monetary items			
USD	\$ 17,736	32 (USD:NTD)	\$ 567,557
JPY	2,106,356	0.2115 (JPY:NTD)	445,494
EUR	1,046	34.46 (EUR:NTD)	36,034
RMB	8,368	4.408 (RMB:NTD)	36,884
AUD	196	20.82 (AUD:NTD)	4,084
CHF	120	35.475 (CHF:NTD)	4,239
GBP	-	40.39 (GBP:NTD)	<u>18</u>
			<u>\$ 1,094,310</u>
			(Continued)

March 31, 2024			
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign currency denominated liabilities</u>			
Monetary items			
USD	\$ 1	32 (USD:NTD)	\$ 47
RMB	111	4.408 (RMB:NTD)	<u>491</u>
			<u>\$ 538</u>
			(Concluded)

December 31, 2023			
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign currency denominated assets</u>			
Monetary items			
USD	\$ 15,655	30.705 (USD:NTD)	\$ 480,673
JPY	1,632,230	0.2172 (JPY:NTD)	354,542
EUR	251	33.98 (EUR:NTD)	8,529
RMB	3,863	4.327 (RMB:NTD)	16,716
AUD	125	20.98 (AUD:NTD)	2,614
CHF	107	36.485 (CHF:NTD)	3,897
GBP	1	39.15 (GBP:NTD)	<u>35</u>
			<u>\$ 867,006</u>

Foreign currency denominated liabilities

Monetary items			
USD	1	30.705 (USD:NTD)	\$ 1
JPY	1,040	0.2172 (JPY:NTD)	226
RMB	111	4.327 (RMB:NTD)	<u>481</u>
			<u>\$ 708</u>

March 31, 2023			
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign currency denominated assets</u>			
Monetary items			
USD	\$ 14,632	30.45 (USD:NTD)	\$ 445,558
JPY	604,141	0.2288 (JPY:NTD)	138,228
EUR	1,274	33.15 (EUR:NTD)	42,219
RMB	8,811	4.431 (RMB:NTD)	39,040
AUD	508	20.33 (AUD:NTD)	10,321
CHF	206	33.275 (CHF:NTD)	6,857
GBP	2	37.67 (GBP:NTD)	<u>60</u>
			<u>\$ 682,283</u>
			(Continued)

	March 31, 2023		
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign currency denominated liabilities</u>			
Monetary items			
USD	\$ 1	30.45 (USD:NTD)	<u>\$ 23</u> (Concluded)

Due to the wide variety of foreign currency transactions of the Company, it is impossible to disclose the exchange gains and losses according to the significant foreign currencies.

	For the Three Months Ended March 31	
	2024	2023
Realized foreign currency exchange gain (loss)	\$ 6,180	\$ (9,105)
Unrealized foreign currency exchange gain	<u>8,696</u>	<u>5,608</u>
Net gains (losses)	<u>\$ 14,876</u>	<u>\$ (3,497)</u>

## 28. SEPARATELY DISCLOSED ITEMS

Information on significant transactions and investees:

- a. Financing provided to others: None.
- b. Endorsements or guarantees provided: None.
- c. Marketable securities held at the end of the period (excluding investments in subsidiaries): None.
- d. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of paid-in capital: None.
- e. Acquisition of individual real estate at cost of at least NT\$300 million or 20% of paid-in capital: None.
- f. Disposal of individual real estate at prices of at least NT\$300 million or 20% of paid-in capital: None.
- g. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of paid-in capital: None.
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of paid-in capital: None.
- i. Transactions in derivative instruments: None.
- j. Others: Intercompany relationships and significant intercompany transactions: None.
- k. Information on investees: None.

Information on investments in mainland China: None.

Information of major shareholders: Table 1.

## **29. SEGMENT INFORMATION**

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

In accordance with the provisions under IFRS 8, “Operating Segments,” the Company’s operating decision was mainly based on the Company’s overall operating performance and economic resource; therefore, it was determined that the Company had only one reportable segment.

**TABLE 1****PACIFIC HOSPITAL SUPPLY CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS  
MARCH 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Ke Yue Co., Ltd.	7,155,000	9.85
An-Ting Chung	4,709,678	6.48
Yi De Co., Ltd.	4,047,000	5.57

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.