

Stock Code : 6206

**FLYTECH TECHNOLOGY CO., LTD.  
AND SUBSIDIARIES**

Consolidated Financial Statements  
With Independent Auditors' Review Report  
March 31, 2024 and 2023

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This is the translation of the financial statements.  
CPAs do not audit or review on this translation.

For the convenience of readers and for information purpose only, 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. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language independent auditors' review report and financial statements shall prevail.

# Independent Auditors' Review Report

To the Board of Directors of Flytech Technology Co., Ltd. :

## Introduction

We have reviewed the consolidated financial statements of Flytech Technology Co., Ltd.(the "Company") and its subsidiaries(the "Group"), which comprise the consolidated balance sheet of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income for the three-month periods ended March 31, 2024 and 2023 as well as the consolidated statements of changes in equity and of cash flows for the three-month periods then ended March 31, and notes to the consolidated financial statements, including a summary of significant accounting policies. The 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 Standards ("IASs") 34, *Interim Financial Reporting* endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

## Scope of review

We conducted our review in accordance with the S 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 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 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, the consolidated financial statements in all material respects mentioned above have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and the International Accounting Standards ("IASs") 34, *Interim Financial Reporting*. The Consolidated Financial Statements reasonably expressed the financial position of the Group at March 31, 2024 and 2023, and the financial performance of the Group for three-month and periods ended March 31, 2024 and 2023, and the cash flows for three-month periods ended March 31, respectively.

KPMG  
Taipei, Taiwan (Republic of China)  
May 10, 2024

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

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**March 31, 2024, December 31, 2023 and March 31, 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

**(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)**

|                            | Assets  | March 31, 2024      |            | December 31, 2023 |            | March 31, 2023   |            |
|----------------------------|---|---------------------|------------|-------------------|------------|------------------|------------|
|                            |   | Amount              | %          | Amount            | %          | Amount           | %          |
| <b>Current assets:</b>     |   |                     |            |                   |            |                  |            |
| 1100                       | Cash and cash equivalents (note 6(a))   | \$ 2,612,973        | 43         | 2,509,200         | 45         | 3,090,407        | 52         |
| 1110                       | Financial assets at fair value through profit or loss — current (note 6(b))             | 9,747               | -          | 9,683             | -          | 9,562            | -          |
| 1120                       | Financial assets at fair value through other comprehensive income — current (note 6(b)) | 3,000               | -          | 3,000             | -          | -                | -          |
| 1136                       | Financial assets at amortized cost — current (notes 6(c) and 8)                         | 400,648             | 7          | 274,242           | 5          | 75,453           | 1          |
| 1150-1170                  | Notes and accounts receivable (notes 6(s))  | 859,543             | 14         | 817,540           | 14         | 556,857          | 9          |
| 130X                       | Inventories (note 6(e))   | 660,371             | 11         | 557,101           | 10         | 788,689          | 13         |
| 1410-1470                  | Prepayments and other current assets  | <u>60,930</u>       | <u>1</u>   | <u>29,898</u>     | <u>1</u>   | <u>24,762</u>    | <u>-</u>   |
|                            | <b>Total current assets</b>   | <u>4,607,212</u>    | <u>76</u>  | <u>4,200,664</u>  | <u>75</u>  | <u>4,545,730</u> | <u>75</u>  |
| <b>Non-current assets:</b> |   |                     |            |                   |            |                  |            |
| 1535                       | Financial assets at amortized cost — non-current (note 6(c))                            | 103,539             | 2          | 101,594           | 2          | 99,687           | 2          |
| 1550                       | Investments accounted for using equity method (note 6(f))                               | 14,980              | -          | 11,782            | -          | 13,104           | -          |
| 1600                       | Property, plant and equipment (note 6(h))   | 1,014,416           | 17         | 1,023,305         | 18         | 1,004,344        | 17         |
| 1755                       | Right-of-use assets (note 6(i))   | 29,145              | 1          | 31,881            | -          | 41,492           | 1          |
| 1780                       | Intangible assets (note 6(j))   | 203,237             | 3          | 201,478           | 4          | 193,327          | 3          |
| 1840                       | Deferred income tax assets  | 54,494              | 1          | 54,417            | 1          | 41,785           | 1          |
| 1915                       | Prepayments for equipment   | 8,141               | -          | 6,070             | -          | 45,915           | 1          |
| 1920                       | Refundable deposits   | <u>1,959</u>        | <u>-</u>   | <u>1,916</u>      | <u>-</u>   | <u>1,913</u>     | <u>-</u>   |
|                            | <b>Total non-current assets</b>   | <u>1,429,911</u>    | <u>24</u>  | <u>1,432,443</u>  | <u>25</u>  | <u>1,441,567</u> | <u>25</u>  |
|                            | <b>Total assets</b>   | <u>\$ 6,037,123</u> | <u>100</u> | <u>5,633,107</u>  | <u>100</u> | <u>5,987,297</u> | <u>100</u> |

(Continued)

(See accompanying notes to consolidated financial statements)

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

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Consolidated Balance Sheets (Continued)**

**March 31, 2024, December 31, 2023 and March 31, 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

**(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)**

| Liabilities and Equity  |  | March 31, 2024      |            | December 31, 2023 |            | March 31, 2023   |            |
|---|--|---------------------|------------|-------------------|------------|------------------|------------|
|   |  | Amount              | %          | Amount            | %          | Amount           | %          |
| <b>Current liabilities:</b>   |  |                     |            |                   |            |                  |            |
| 2130  | Contract liabilities—current (note 6(s))           | 67,451              | 1          | 85,137            | 2          | 47,079           | 1          |
| 2170  | Accounts payable                                   | 481,220             | 8          | 330,840           | 6          | 229,885          | 4          |
| 2200  | Other payables (note 6(t))                         | 237,994             | 4          | 262,409           | 5          | 243,461          | 4          |
| 2230  | Current income tax liabilities                     | 218,647             | 4          | 169,108           | 3          | 278,227          | 5          |
| 2250  | Provisions—current (note 6(m))                     | 28,637              | -          | 27,998            | -          | 33,247           | -          |
| 2280  | Lease liabilities—current (note 6(l))              | 13,330              | -          | 12,998            | -          | 12,641           | -          |
| 2300  | Other current liabilities                          | 7,706               | -          | 17,068            | -          | 41,669           | 1          |
|   | <b>Total current liabilities</b>                   | <b>1,054,985</b>    | <b>17</b>  | <b>905,558</b>    | <b>16</b>  | <b>886,209</b>   | <b>15</b>  |
| <b>Non-current liabilities:</b>   |  |                     |            |                   |            |                  |            |
| 2570  | Deferred income tax liabilities                    | 1,595               | -          | 1,565             | -          | 2,714            | -          |
| 2640  | Net defined benefit liabilities                    | -                   | -          | -                 | -          | 15,106           | -          |
| 2580  | Lease liabilities—non-current (note 6(l))          | 18,812              | 1          | 21,510            | -          | 30,435           | -          |
| 2600  | Other non-current liabilities                      | 14,517              | -          | -                 | -          | -                | -          |
|   | <b>Total non-current liabilities</b>               | <b>34,924</b>       | <b>1</b>   | <b>23,075</b>     | <b>-</b>   | <b>48,255</b>    | <b>-</b>   |
|   | <b>Total liabilities</b>                           | <b>1,089,909</b>    | <b>18</b>  | <b>928,633</b>    | <b>16</b>  | <b>934,464</b>   | <b>15</b>  |
| <b>Equity attributable to shareholders of the parent (note 6(g) and (p)):</b> |  |                     |            |                   |            |                  |            |
| 3110  | Common stock                                       | 1,430,623           | 23         | 1,430,623         | 25         | 1,430,623        | 24         |
| 3200  | Capital surplus                                    | 538,938             | 9          | 538,938           | 10         | 536,947          | 9          |
| Retained earnings:  |  |                     |            |                   |            |                  |            |
| 3310  | Legal reserve                                      | 1,300,259           | 22         | 1,300,259         | 23         | 1,196,570        | 20         |
| 3320  | Special reserve                                    | 49,435              | 1          | 49,435            | 1          | 73,473           | 2          |
| 3350  | Unappropriated earnings                            | 1,600,381           | 26         | 1,376,671         | 25         | 1,793,619        | 30         |
| 3400  | Other equity                                       | (11,325)            | -          | (36,669)          | (1)        | (47,156)         | (1)        |
|   | Equity attributable to shareholders of the Company | <b>4,908,311</b>    | <b>81</b>  | <b>4,659,257</b>  | <b>83</b>  | <b>4,984,076</b> | <b>84</b>  |
| 36XX  | Non-controlling interests (note 6(g) and (p))      | 38,903              | 1          | 45,217            | 1          | 68,757           | 1          |
|   | <b>Total equity</b>                                | <b>4,947,214</b>    | <b>82</b>  | <b>4,704,474</b>  | <b>84</b>  | <b>5,052,833</b> | <b>85</b>  |
|   | <b>Total liabilities and equity</b>                | <b>\$ 6,037,123</b> | <b>100</b> | <b>5,633,107</b>  | <b>100</b> | <b>5,987,297</b> | <b>100</b> |

(See accompanying notes to consolidated financial statements)

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

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**

For the three-month periods ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, except earnings per share amounts)

(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)

|      |   | For the three-month periods ended March 31, |             |                  |             |
|------|---|---|-------------|------------------|-------------|
|      |   | 2024  |             | 2023             |             |
|      |   | Amount                                      | %           | Amount           | %           |
| 4000 | <b>Revenue</b> (notes 6(s) and 14)  | \$ 1,013,353                                | 100         | 769,745          | 100         |
| 5000 | <b>Cost of revenue</b> (notes 6 (e)(h)(i)(j)(l)(m)(n)(t) and 12)                    | (577,672)                                   | (57)        | (514,676)        | (67)        |
|      | <b>Gross profit</b>   | <u>435,681</u>                              | <u>43</u>   | <u>255,069</u>   | <u>33</u>   |
|      | <b>Operating expenses</b> (notes 6 (d)(h)(i)(j)(l)(n)(q)(t) and 12) :               |   |             |                  |             |
| 6100 | Selling expenses  | (95,863)                                    | (9)         | (84,408)         | (11)        |
| 6200 | Administrative expenses   | (46,363)                                    | (5)         | (48,946)         | (6)         |
| 6300 | Research and development expenses   | (72,960)                                    | (7)         | (60,476)         | (8)         |
|      |   | <u>(215,186)</u>                            | <u>(21)</u> | <u>(193,830)</u> | <u>(25)</u> |
|      | <b>Operating income</b>   | <u>220,495</u>                              | <u>22</u>   | <u>61,239</u>    | <u>8</u>    |
|      | <b>Non-operating income and loss</b> (notes 6(f)(l) and (u)) :                      |   |             |                  |             |
| 7100 | Interest income   | 8,941                                       | 1           | 10,619           | 1           |
| 7190 | Other income  | 495   | -           | 689              | -           |
| 7020 | Other gains and losses  | 43,125                                      | 4           | (8,554)          | (1)         |
| 7050 | Finance costs   | (225)                                       | -           | (288)            | -           |
| 7370 | Share of loss of associates accounted for using equity method                       | 3,198                                       | -           | (1,644)          | -           |
|      | <b>Total non-operating income and loss</b>  | <u>55,534</u>                               | <u>5</u>    | <u>822</u>       | <u>-</u>    |
| 7900 | <b>Income before income tax</b>   | <u>276,029</u>                              | <u>27</u>   | <u>62,061</u>    | <u>8</u>    |
| 7950 | <b>Less: Income tax expenses</b> (note 6(o))  | <u>(58,813)</u>                             | <u>(6)</u>  | <u>(15,248)</u>  | <u>(2)</u>  |
| 8200 | <b>Net Income</b>   | <u>217,216</u>                              | <u>21</u>   | <u>46,813</u>    | <u>6</u>    |
|      | <b>Other comprehensive income (loss)</b> (note 6(p)):                               |   |             |                  |             |
| 8360 | <b>Items that will be reclassified subsequently to profit or loss</b>               |   |             |                  |             |
| 8361 | Exchange differences on translation of foreign operations                           | 25,524                                      | 3           | 2,189            | -           |
| 8399 | Income tax related to items that may be reclassified subsequently to profit or loss | -   | -           | -                | -           |
|      |   | <u>25,524</u>                               | <u>3</u>    | <u>2,189</u>     | <u>-</u>    |
|      | <b>Other comprehensive income (loss) for the period</b>                             | <u>25,524</u>                               | <u>3</u>    | <u>2,189</u>     | <u>-</u>    |
| 8500 | <b>Total comprehensive income for the period</b>                                    | <u>\$ 242,740</u>                           | <u>24</u>   | <u>49,002</u>    | <u>6</u>    |
|      | <b>Net income attributable to:</b>  |   |             |                  |             |
| 8610 | Shareholders of the Company   | \$ 223,710                                  | 22          | 52,311           | 7           |
| 8620 | Non-controlling interests   | (6,494)                                     | (1)         | (5,498)          | (1)         |
|      |   | <u>\$ 217,216</u>                           | <u>21</u>   | <u>46,813</u>    | <u>6</u>    |
|      | <b>Total comprehensive income attributable to:</b>                                  |   |             |                  |             |
| 8710 | Shareholders of the Company   | \$ 249,054                                  | 25          | 54,566           | 7           |
| 8720 | Non-controlling interests   | (6,314)                                     | (1)         | (5,564)          | (1)         |
|      |   | <u>\$ 242,740</u>                           | <u>24</u>   | <u>49,002</u>    | <u>6</u>    |
|      | <b>Earnings per share (in New Taiwan dollars)</b> (note 6(r)) :                     |   |             |                  |             |
| 9750 | <b>Basic earnings per share</b>   | <u>\$ 1.56</u>                              |             | <u>0.37</u>      |             |
| 9850 | <b>Diluted earnings per share</b>   | <u>\$ 1.56</u>                              |             | <u>0.36</u>      |             |

(See accompanying notes to consolidated financial statements)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**  
**For the three-month periods ended March 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars, except earnings per share amounts)**  
**(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)**

|  | Equity attributable to shareholders of the Company |                 |                  |                 |                         |                  |  |   |                 |                             |                           |                  |
|--|--|-----------------|------------------|-----------------|-------------------------|------------------|--|---|-----------------|-----------------------------|---------------------------|------------------|
|  | Retained earnings                                  |                 |                  |                 |                         |                  | Total other equity interest              |   |                 | Total equity of the Company | Non-controlling interests | Total equity     |
|  | Common stock                                       | Capital surplus | Legal reserve    | Special reserve | Unappropriated earnings | Total            | Foreign currency translation differences | Remeasurements of defined benefit plans | Total           |                             |                           |                  |
| <b>Balance at January 1, 2023</b>                | \$ 1,430,623                                       | 536,947         | 1,196,570        | 73,473          | 1,741,308               | 3,011,351        | (46,013)                                 | (3,398)                                 | (49,411)        | 4,929,510                   | 74,321                    | 5,003,831        |
| Appropriation of earnings:                       | -  | -               | -                | -               | 52,311                  | 52,311           | -  | -                                       | -               | 52,311                      | (5,498)                   | 46,813           |
| Other comprehensive income (loss) for the period | -  | -               | -                | -               | -                       | -                | 2,255                                    | -                                       | 2,255           | 2,255                       | (66)                      | 2,189            |
| Total comprehensive income (loss) for the period | -  | -               | -                | -               | 52,311                  | 52,311           | 2,255                                    | -                                       | 2,255           | 54,566                      | (5,564)                   | 49,002           |
| <b>Balance at March 31, 2023</b>                 | <b>\$ 1,430,623</b>                                | <b>536,947</b>  | <b>1,196,570</b> | <b>73,473</b>   | <b>1,793,619</b>        | <b>3,063,662</b> | <b>(43,758)</b>                          | <b>(3,398)</b>                          | <b>(47,156)</b> | <b>4,984,076</b>            | <b>68,757</b>             | <b>5,052,833</b> |
| <b>Balance at January 1, 2024</b>                | \$ 1,430,623                                       | 538,938         | 1,300,259        | 49,435          | 1,376,671               | 2,726,365        | (33,655)                                 | (3,014)                                 | (36,669)        | 4,659,257                   | 45,217                    | 4,704,474        |
| Appropriation of earnings:                       | -  | -               | -                | -               | 223,710                 | 223,710          | -  | -                                       | -               | 223,710                     | (6,494)                   | 217,216          |
| Other comprehensive income (loss) for the period | -  | -               | -                | -               | -                       | -                | 25,344                                   | -                                       | 25,344          | 25,344                      | 180                       | 25,524           |
| Total comprehensive income (loss) for the period | -  | -               | -                | -               | 223,710                 | 223,710          | 25,344                                   | -                                       | 25,344          | 249,054                     | (6,314)                   | 242,740          |
| <b>Balance at March 31, 2024</b>                 | <b>\$ 1,430,623</b>                                | <b>538,938</b>  | <b>1,300,259</b> | <b>49,435</b>   | <b>1,600,381</b>        | <b>2,950,075</b> | <b>(8,311)</b>                           | <b>(3,014)</b>                          | <b>(11,325)</b> | <b>4,908,311</b>            | <b>38,903</b>             | <b>4,947,214</b> |

(See accompanying notes to consolidated financial statements)

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

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

For the three-month periods ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)

|   | For the three-month periods<br>ended March 31 |                  |
|---|---|------------------|
|   | 2024  | 2023             |
| <b>Cash flows from operating activities:</b>  |   |                  |
| Income before income tax  | \$ 276,029                                    | 62,061           |
| <b>Adjustments for:</b>   |   |                  |
| <b>Adjustments to reconcile profit (loss)</b>                                       |   |                  |
| Depreciation  | 19,833  | 19,776           |
| Amortization  | 2,262   | 10,800           |
| Expected (reversal) credit loss   | 15  | (1,773)          |
| Net gain on financial assets or liabilities at fair value<br>through profit or loss | (64)  | -                |
| Compensation costs of employee share options  | 1,500   | -                |
| Share of loss(profit) of associates accounted for using<br>equity method            | (3,198)                                       | 1,644            |
| Interest expense  | 225   | 288              |
| Interest income   | (8,941)                                       | (10,619)         |
| <b>Total non-cash profit and loss</b>   | <u>11,632</u>                                 | <u>20,116</u>    |
| <b>Changes in operating assets and liabilities :</b>                                |   |                  |
| <b>Changes in operating assets:</b>   |   |                  |
| Financial assets at fair value through profit or loss                               | -   | (41)             |
| Financial assets measured at amortized cost   | 539   | -                |
| Accounts receivable   | (42,021)                                      | 205,034          |
| Inventories   | (103,270)                                     | 130,300          |
| Prepayments and other current assets  | (31,640)                                      | (7,920)          |
| <b>Net changes in operating assets</b>  | <u>(176,392)</u>                              | <u>327,373</u>   |
| <b>Changes in operating liabilities:</b>  |   |                  |
| Contract liabilities  | (17,686)                                      | (9,644)          |
| Accounts payable  | 150,380                                       | (125,630)        |
| Other payables  | (11,398)                                      | (32,491)         |
| Provisions  | 639   | (1,214)          |
| Other current liabilities   | (9,362)                                       | (3,453)          |
| Net defined benefit liabilities   | -   | (211)            |
| <b>Net changes in operating liabilities</b>   | <u>112,573</u>                                | <u>(172,643)</u> |
| <b>Total changes in operating assets and liabilities</b>                            | <u>(63,819)</u>                               | <u>154,730</u>   |
| Cash provided by operations   | 223,842                                       | 236,907          |
| Income taxes paid   | (8,971)                                       | (11,780)         |
| <b>Net cash provided by operating activities</b>                                    | <u>214,871</u>                                | <u>225,127</u>   |

(Continued)

(See accompanying notes to consolidated financial statements)

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

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows (Continued)**

For the three-month periods ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)

|   | For the three-month periods<br>ended March 31 |                         |
|---|---|-------------------------|
|   | 2024  | 2023                    |
| <b>Cash flows from investing activities:</b>  |   |                         |
| (Increase) decrease in financial assets measured at<br>amortized cost               | (127,132)                                     | 75,974                  |
| Additions to property, plant and equipment (including<br>prepayments for equipment) | (8,359)                                       | (36,939)                |
| Additions to intangible assets  | (3,888)                                       | -                       |
| Increase in refundable deposits   | (43)  | (109)                   |
| Interest received   | 7,271   | 12,686                  |
| <b>Net cash flows (used) provided in investing<br/>activities</b>                   | <u>(132,151)</u>                              | <u>51,612</u>           |
| <b>Cash flows from financing activities:</b>  |   |                         |
| Payment of lease liabilities  | (3,268)                                       | (3,145)                 |
| Interest paid   | (225)   | (288)                   |
| <b>Net cash flows used in financing activities</b>                                  | <u>(3,493)</u>                                | <u>(3,433)</u>          |
| <b>Effect of foreign exchange rate changes</b>                                      | <u>24,546</u>                                 | <u>2,306</u>            |
| <b>Net increase in cash and cash equivalents</b>                                    | 103,773                                       | 275,612                 |
| <b>Cash and cash equivalents at beginning of year</b>                               | <u>2,509,200</u>                              | <u>2,814,795</u>        |
| <b>Cash and cash equivalents at end of year</b>                                     | <u><b>\$ 2,612,973</b></u>                    | <u><b>3,090,407</b></u> |

(See accompanying notes to consolidated financial statements)



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

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**For the three-month periods ended March 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

**(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)**

**1. Organization and business**

Flytech Technology Co., Ltd. (the “Company”) was incorporated on August 13, 1984, as a company limited by shares under the Company Act of the Republic of China (“R.O.C.”) and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is No. 168, Xing-ai Rd., Neihu Dist., Taipei City, Taiwan. The Company and its subsidiaries (collectively the “Group”) are engaged in the design, manufacture and sale of POS system, KIOSK, hardware and software integration and peripheral products.

**2. Authorization of the consolidated financial statements**

These consolidated financial statements were authorized for issue by the Board of Directors on May 10, 2024.

**3. Application of new and revised accounting standards and interpretations:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) 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 endorsed by the FSC but not yet effective

Standards, interpretations and amendments issued by IASB but not yet endorsed by the FSC may be relevant to the Group as follows:

| <b><u>New Standards and Amendments</u></b>                    | <b><u>Principal revisions</u></b>   | <b><u>Effective Date Issued by IASB</u></b> |
|---|---|---|
| IFRS 18 “Presentation and Disclosure in Financial Statements” | <ul style="list-style-type: none"><li>● The new standards introduce three types of income and expenses, two subtotals on the income statement, and a single note regarding management performance measures. These three amendments and enhancements provide guidance on how to disaggregate information in financial statements, laying the foundation for better and more consistent information for users, and will affect all companies.</li></ul> | January 1, 2027                             |

(See accompanying notes to consolidated financial statements)

## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

| <b>New Standards and Amendments</b>                           | <b>Principal revisions</b>  | <b>Effective Date Issued by IASB</b> |
|---|---|--------------------------------------|
| IFRS 18 "Presentation and Disclosure in Financial Statements" | <ul style="list-style-type: none"><li>• More Structured Income Statement: Under the current standards, companies use different formats to present their operating results, making it difficult for investors to compare the financial performance of different companies. The new standards adopt a more structured income statement, introducing a newly defined "operating profit" subtotal, and require that all income and expenses be classified into three new distinct categories based on the Group's primary operating activities.</li><li>• Management Performance Measures (MPM): The new standards introduce the definition of management performance measures and require companies to explain, in a single note in the financial statements, why each measure provides useful information, how it is calculated, and how the measure reconciles with amounts recognized under IFRS.</li><li>• More Disaggregated Information: The new standards include guidance on how companies should enhance the grouping of information in their financial statements. This includes guidance on whether information should be included in the primary financial statements or further disaggregated in the notes.</li></ul> | January 1, 2027                      |

The Group continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Group completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- IFRS 21 "Lack of exchangeability"

#### 4. Summary of significant accounting policies

Subject to the following, the material accounting policies used in this consolidated financial report are the same as those in the 2023 consolidated financial statements, which refer to Note 4 for the 2023 consolidated reports.

(See accompanying notes to consolidated financial statements)

## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(a) Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the "Preparation regulations") and No. 34 "Interim Financial Report" of the IFRSs endorsed and issued into effect by the FSC. The Consolidated Financial Statements does not include all necessary information required to be disclosed in accordance with the IFRS, International Accounting Standards, Interpretations and bulletins of interpretations recognized by the FSC and issued in force (hereinafter referred to as "the FSA-endorsed IFRS").

(b) Basis of consolidation

(i) List of subsidiaries included in the consolidated financial statements

| Name of Investor     | Name of Investee                                      | Principal activities   | Percentage of Ownership |                   |                | Note     |
|----------------------|---|--|-------------------------|-------------------|----------------|----------|
|                      |   |  | March 31, 2024          | December 31, 2023 | March 31, 2023 |          |
| The Company          | Flytech USA International Co., Ltd. (Flytech USA BVI) | Investment holding   | 100.00%                 | 100.00%           | 100.00%        | -        |
| The Company          | Flytech HK International Co., Ltd. (Flytech HK BVI)   | Investment holding   | 100.00%                 | 100.00%           | 100.00%        | -        |
| The Company          | Flytech CN International Co., Ltd. (Flytech CN BVI)   | Investment holding   | 100.00%                 | 100.00%           | 100.00%        | -        |
| The Company          | Fei Shiun Investment Co. Ltd. (Fei Shiun Investment)  | Investment holding   | 100.00%                 | 100.00%           | 100.00%        | -        |
| The Company          | inefi Holding Co., Ltd. (inefi Holding)               | Investment holding   | 100.00%                 | 100.00%           | 100.00%        | -        |
| The Company          | Box Technologies (Holdings) Ltd. (Box Holdings)       | Investment holding   | 100.00%                 | 100.00%           | 100.00%        | -        |
| Box Holdings         | Box Technologies Limited (Box UK)                     | Sale of computers and peripheral equipment   | 100.00%                 | 100.00%           | 100.00%        | -        |
| Box Holdings         | BTechnologies AB (Box Nordic)                         | Sale of computers and peripheral equipment   | -                       | -                 | 100.00%        | (Note 1) |
| inefi Holding        | inefi Incorporation (inefi)                           | Consulting software services, to provide a unified endpoint management platform                        | 100.00%                 | 100.00%           | 100.00%        | -        |
| Flytech USA BVI      | Flytech Technology (U.S.A.) Inc. (Flytech USA)        | Sale of computers and peripheral equipment   | 100.00%                 | 100.00%           | 100.00%        | -        |
| Flytech HK BVI       | Flytech Technology Hong Kong Ltd. (Flytech HK)        | Sale of computers and peripheral equipment   | 100.00%                 | 100.00%           | 100.00%        | -        |
| Flytech CN BVI       | Flytech Electronic (Shanghai) Co., Ltd. (Flytech CN)  | Sale of computers and peripheral equipment   | 100.00%                 | 100.00%           | 100.00%        | -        |
| Fei Shiun Investment | Berry AI Inc. (Berry AI)                              | Operating software design and data processing services, and integrating software and hardware services | 70.00%                  | 70.00%            | 70.00%         | -        |
| Berry AI             | Berry AI International Co., Ltd (Berry AI BVI)        | Investment holding   | 70.00%                  | 70.00%            | 70.00%         | -        |
| Berry AI BVI         | Berry AI USA INC                                      | Operating software design and data processing services, and integrating software and hardware services | 70.00%                  | 70.00%            | 70.00%         | -        |

Note 1: Box Nordic was liquidated in May 2023. ◦

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

(See accompanying notes to consolidated financial statements)

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(c) Employee benefits

The defined benefit plan pension for the mid-term period is calculated on the basis of actuarial calculations on the reporting date of the previous year, calculated on the basis of the beginning of the year to the end of the current period, and adjusted for major market fluctuations in the future of the reporting date, as well as major reductions, liquidations or other major one-time events.

(d) Income Tax

The Group measures and discloses income tax expense for the interim period in accordance with Paragraph B12 of No. 34 "Interim Financial Statements" in the IFRSs Gazette. Income tax expenses are measured by multiplying net profit before tax for the period reported in the interim by management's best estimate of the projected effective tax rate for the total surplus for the full year and is fully recognized as income tax expenses for the current period.

Income tax expense, which is directly attributable to equity items or other comprehensive profit or loss items, is a temporary difference between the carrying amount of the relevant assets and liabilities for financial reporting purposes and their tax basis, measured by the applicable tax rate at the time of expected realization or liquidation.

**5. Critical accounting judgments and key sources of estimation uncertainty**

In preparing the consolidated financial statement in accordance with the preparation standards and No.34 "Interim Financial Report" of FAC as recognized by the FSC, managements must make judgments, estimates and assumptions that will affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the consolidated financial statements, the significant judgments made by management in adopting the accounting policies of the Group and the major sources of estimated uncertainty are consistent with Note 5 in the Consolidated Financial Statement for 2023.

**6. Significant account disclosures**

Subject to the following, the statements of important accounting items in this consolidated financial report are not materially different from those of the consolidated financial report for 2023, which refer to Note 6 for the 2023 consolidated reports.

(a) Cash and cash equivalents

|   | <u>March 31,<br/>2024</u>  | <u>December 31,<br/>2023</u> | <u>March 31,<br/>2023</u> |
|---|----------------------------|------------------------------|---------------------------|
| Cash on hand  | \$ 1,102                   | 965                          | 926                       |
| Demand deposits and checking accounts                     | 2,143,603                  | 1,952,803                    | 2,079,713                 |
| Time deposits with original maturities less than 3 months | 468,268                    | 555,432                      | 1,009,768                 |
|   | <u><b>\$ 2,612,973</b></u> | <u><b>2,509,200</b></u>      | <u><b>3,090,407</b></u>   |

(See accompanying notes to consolidated financial statements)

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

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

|  | <b>March 31,<br/>2024</b> | <b>December 31,<br/>2023</b> | <b>March 31,<br/>2023</b> |
|--|---------------------------|------------------------------|---------------------------|
| Financial assets at fair value through profit or loss:             |                           |                              |                           |
| Convertible bonds  | <u>\$ 9,747</u>           | <u>9,683</u>                 | <u>9,562</u>              |
| Financial assets at fair value through other comprehensive income: |                           |                              |                           |
| Domestic unlisted stock  | <u>\$ 3,000</u>           | <u>3,000</u>                 | <u>-</u>                  |

The Group designated the equity investments shown above as financial assets at fair value through other comprehensive income because these investments are held for strategic purposes and not for trading. Please refer to note 6(v) for the amounts of gain (loss) recognized related to financial assets measured at fair value.

(c) Financial assets measured at amortized cost

|   | <b>March 31,<br/>2024</b> | <b>December 31,<br/>2023</b> | <b>March 31,<br/>2023</b> |
|---|---------------------------|------------------------------|---------------------------|
| Time deposits with original maturities more than 3 months | \$ 498,083                | 370,951                      | 169,290                   |
| Other receivables   | 1,017                     | 1,556                        | 133                       |
| Interest receivable                                       | 5,087                     | 3,329                        | 5,717                     |
|   | <u>\$ 504,187</u>         | <u>375,836</u>               | <u>175,140</u>            |
| Presented as:   |                           |                              |                           |
| Current   | \$ 400,648                | 274,242                      | 75,453                    |
| Non-current   | 103,539                   | 101,594                      | 99,687                    |
|   | <u>\$ 504,187</u>         | <u>375,836</u>               | <u>175,140</u>            |

The Group intended to hold to maturity in order to receive the contractual cash flows and the contractual cash flows were solely payments of principal and interest on the principal outstanding.

Please refer to note 8 for a description of the Group's financial assets measured at amortized cost pledged as collateral for bank loans.

(d) Notes and accounts receivable, and other receivables

|  | <b>March 31,<br/>2024</b> | <b>December 31,<br/>2023</b> | <b>March 31,<br/>2023</b> |
|--|---------------------------|------------------------------|---------------------------|
| Notes receivable from operating activities     | \$ 3,105                  | 2,297                        | 2,971                     |
| Accounts receivable measured at amortized cost | 856,555                   | 815,341                      | 554,320                   |
| Less: loss allowance                           | <u>(117)</u>              | <u>(98)</u>                  | <u>(434)</u>              |
|  | <u>\$ 859,543</u>         | <u>817,540</u>               | <u>556,857</u>            |

(See accompanying notes to consolidated financial statements)

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

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. Forward-looking information is taken into consideration as well.

Analysis of expected credit losses on notes and accounts receivable was as follows:

|                        | <b>March 31, 2024</b>        |                                   |                                 |
|------------------------|------------------------------|-----------------------------------|---------------------------------|
|                        | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Loss allowance provision</b> |
| Current                | \$ 700,430                   | -                                 | -                               |
| Past due 0-30 days     | 154,580                      | -                                 | -                               |
| Past due 31-60 days    | 62                           | 0%~12.17%                         | -                               |
| Past due 61-180 days   | 4,353                        | 0%~31.17%                         | 10                              |
| Past due over 181 days | 235                          | 67.96%~100.00%                    | 107                             |
|                        | <b><u>\$ 859,660</u></b>     |                                   | <b><u>117</u></b>               |

|                        | <b>December 31, 2023</b>     |                                   |                                 |
|------------------------|------------------------------|-----------------------------------|---------------------------------|
|                        | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Loss allowance provision</b> |
| Current                | \$ 667,623                   | -                                 | -                               |
| Past due 0-30 days     | 121,508                      | -                                 | -                               |
| Past due 31-60 days    | 27,700                       | 0%~12.42%                         | 12                              |
| Past due 61-180 days   | 494                          | 0%~31.81%                         | 10                              |
| Past due over 181 days | 313                          | 69.33%~100.00%                    | 76                              |
|                        | <b><u>\$ 817,638</u></b>     |                                   | <b><u>98</u></b>                |

|                        | <b>March 31, 2023</b>        |                                   |                                 |
|------------------------|------------------------------|-----------------------------------|---------------------------------|
|                        | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Loss allowance provision</b> |
| Current                | \$ 455,660                   | -                                 | -                               |
| Past due 0-30 days     | 69,023                       | -                                 | -                               |
| Past due 31-60 days    | 31,606                       | 0%~13.26%                         | -                               |
| Past due 61-180 days   | 422                          | 0%~61.89%                         | 17                              |
| Past due over 181 days | 580                          | 73.89~100.00%                     | 417                             |
|                        | <b><u>\$ 557,291</u></b>     |                                   | <b><u>434</u></b>               |

(See accompanying notes to consolidated financial statements)

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

Movements of the loss allowance for notes and accounts receivable were as follows:

|                                       | For the three-month periods ended<br>March 31 |            |
|---------------------------------------|---|------------|
|                                       | 2024  | 2023       |
| Balance at January 1                  | \$ 98   | 2,210      |
| Impairment loss (reversed) recognized | 15  | (1,773)    |
| Effect of exchange rate changes       | 4   | (3)        |
| Balance at March 31                   | <b>\$ 117</b>                                 | <b>434</b> |

(e) Inventories

(i) The information of inventories was as follows:

|                 | March 31,<br>2024 | December 31,<br>2023 | March 31,<br>2023 |
|-----------------|-------------------|----------------------|-------------------|
| Raw materials   | \$ 343,832        | 308,243              | 470,957           |
| Work in process | 169,193           | 109,647              | 128,722           |
| Finished goods  | 76,857            | 63,817               | 71,921            |
| Merchandise     | 70,489            | 75,394               | 117,089           |
|                 | <b>\$ 660,371</b> | <b>557,101</b>       | <b>788,689</b>    |

(ii) For the three-month periods ended March 31, 2024 and 2023, the amounts of inventories recognized as cost of revenue were \$565,018 and \$495,868, respectively. The write-downs (reversal benefit of write-downs) of inventories to net realizable value amounted to \$(9,494), and \$35,542, respectively. The reversal benefit of write-downs of inventories is due to the recovery of inventories price that were written down at the beginning, or inventories were sold. The cause of the net realizable value of the inventories being lower than the cost has disappeared, resulting in the reversal of inventory depreciation losses.

(f) Investments accounted for using equity method

| Name of Associates   | Business Relationship           | Principal place of business/Registration country | March 31, 2024              |                  | December 31, 2023           |                  | March 31, 2023              |                 |
|----------------------|---------------------------------|--|-----------------------------|------------------|-----------------------------|------------------|-----------------------------|-----------------|
|                      |                                 |  | Percentage of voting rights | Carrying amount  | Percentage of voting rights | Carrying amount  | Percentage of voting rights | Carrying amount |
| TAC Dynamics ("TAC") | Sale of machinery and equipment | Taiwan   | 18.91%                      | \$ <u>14,980</u> | 18.91%                      | \$ <u>11,782</u> | 20.82%                      | <u>13,104</u>   |

|                                     | For the three-month periods ended March 31 |                |
|-------------------------------------|--|----------------|
|                                     | 2024                                       | 2023           |
| Attributable to the Group:          |  |                |
| Net loss (total comprehensive loss) | <b>\$ 3,198</b>                            | <b>(1,644)</b> |

(See accompanying notes to consolidated financial statements)

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

|  | For the three-month periods ended March 31 |               |
|--|--|---------------|
|  | 2024                                       | 2023          |
| The Group's shares in equity of associates at January 1      | \$ 22,697                                  | 25,663        |
| Net benefit (loss) attributable to the Group                 | 3,198                                      | (1,644)       |
| Capital surplus attributable to the Group                    | 25,895                                     | 24,019        |
| The Group's shares in equity of associates at March 31       | (10,915)                                   | (10,915)      |
| The carrying amount of investments in associates at March 31 | <b>\$ 14,980</b>                           | <b>13,104</b> |

On June 30, 2023, TAC issued new shares for cash, wherein the Group did not subscribe proportionately to its existing ownership percentage, resulting in its ownership in TAC to decrease from 20.82% to 18.91%. The equity method was used to account for the investment in TAC as the Company was elected as one of its three directors to participate in the decision-making on the board and has significant influence over TAC using equity method.

(g) Subsidiaries and acquisitions of non-controlling interests

The non-controlling interests of the subsidiaries of the Group were not subject to significant changes for the three-month ended March 31, 2024 and 2023. Refer to Note 6(g) to the Consolidated Financial Statement in 2023 for details.

(h) Property, plant and equipment

|                                 | Land              | Buildings      | Machinery      | Mold equipment | Furniture and fixtures | Other equipment | Total            |
|---------------------------------|-------------------|----------------|----------------|----------------|------------------------|-----------------|------------------|
| Cost:                           |                   |                |                |                |                        |                 |                  |
| Balance at January 1, 2024      | \$ 319,238        | 781,900        | 335,787        | 486,517        | 80,136                 | 38,412          | 2,041,990        |
| Additions                       | -                 | -              | 369            | 5,622          | 297                    | -               | 6,288            |
| Disposals                       | -                 | -              | (1,448)        | -              | (212)                  | -               | (1,660)          |
| Effect of exchange rate changes | -                 | 1,349          | 323            | -              | 460                    | 581             | 2,713            |
| Balance at March 31, 2024       | <b>\$ 319,238</b> | <b>783,249</b> | <b>335,031</b> | <b>492,139</b> | <b>80,681</b>          | <b>38,993</b>   | <b>2,049,331</b> |
| Balance at January 1, 2023      | \$ 319,238        | 782,513        | 297,152        | 476,223        | 72,261                 | 37,239          | 1,984,626        |
| Additions                       | -                 | -              | 544            | 800            | 2,534                  | -               | 3,878            |
| Effect of exchange rate changes | -                 | (273)          | 139            | -              | (13)                   | 139             | (8)              |
| Balance at March 31, 2023       | <b>\$ 319,238</b> | <b>782,240</b> | <b>297,835</b> | <b>477,023</b> | <b>74,782</b>          | <b>37,378</b>   | <b>1,988,496</b> |
| Accumulated depreciation:       |                   |                |                |                |                        |                 |                  |
| Balance at January 1, 2024      | \$ -              | 229,324        | 256,743        | 442,545        | 64,917                 | 25,156          | 1,018,685        |
| Depreciation                    | -                 | 4,583          | 2,797          | 6,266          | 1,442                  | 1,189           | 16,277           |
| Disposals                       | -                 | -              | (1,448)        | -              | (212)                  | -               | (1,660)          |
| Effect of exchange rate changes | -                 | 672            | 197            | -              | 353                    | 391             | 1,613            |
| Balance at March 31, 2024       | <b>\$ -</b>       | <b>234,579</b> | <b>258,289</b> | <b>448,811</b> | <b>66,500</b>          | <b>26,736</b>   | <b>1,034,915</b> |
| Balance at January 1, 2023      | \$ -              | 211,519        | 249,305        | 427,620        | 59,435                 | 19,934          | 967,813          |
| Depreciation                    | -                 | 4,596          | 2,562          | 6,547          | 1,304                  | 1,263           | 16,272           |
| Effect of exchange rate changes | -                 | (27)           | 78             | -              | (15)                   | 31              | 67               |
| Balance at March 31, 2023       | <b>\$ -</b>       | <b>216,088</b> | <b>251,945</b> | <b>434,167</b> | <b>60,724</b>          | <b>21,228</b>   | <b>984,152</b>   |
| Carrying amount:                |                   |                |                |                |                        |                 |                  |
| Balance at March 31, 2024       | <b>\$ 319,238</b> | <b>548,670</b> | <b>76,742</b>  | <b>43,328</b>  | <b>14,181</b>          | <b>12,257</b>   | <b>1,014,416</b> |
| Balance at January 1, 2024      | <b>\$ 319,238</b> | <b>552,576</b> | <b>79,044</b>  | <b>43,972</b>  | <b>15,219</b>          | <b>13,256</b>   | <b>1,023,305</b> |
| Balance at March 31, 2023       | <b>\$ 319,238</b> | <b>566,152</b> | <b>45,890</b>  | <b>42,856</b>  | <b>14,058</b>          | <b>16,150</b>   | <b>1,004,344</b> |

(See accompanying notes to consolidated financial statements)



**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(i) Right-of-use assets

|                                 | <u>Buildings</u>        | <u>Other<br/>equipment</u> | <u>Total</u>         |
|---------------------------------|-------------------------|----------------------------|----------------------|
| Cost:                           |                         |                            |                      |
| Balance at January 1, 2024      | \$ 46,587               | 15,847                     | 62,434               |
| Effect of exchange rate changes | <u>1,105</u>            | <u>392</u>                 | <u>1,497</u>         |
| Balance at March 31, 2024       | <u><b>\$ 47,692</b></u> | <u><b>16,239</b></u>       | <u><b>63,931</b></u> |
| Balance at January 1, 2023      | \$ 45,297               | 16,283                     | 61,580               |
| Effect of exchange rate changes | <u>285</u>              | <u>202</u>                 | <u>487</u>           |
| Balance at March 31, 2023       | <u><b>\$ 45,582</b></u> | <u><b>16,485</b></u>       | <u><b>62,067</b></u> |
| Accumulated depreciation:       |                         |                            |                      |
| Balance at January 1, 2024      | \$ 25,544               | 5,009                      | 30,553               |
| Depreciation                    | <u>2,596</u>            | <u>960</u>                 | <u>3,556</u>         |
| Effect of exchange rate changes | <u>564</u>              | <u>113</u>                 | <u>677</u>           |
| Balance at March 31, 2024       | <u><b>\$ 28,704</b></u> | <u><b>6,082</b></u>        | <u><b>34,786</b></u> |
| Balance at January 1, 2023      | \$ 14,847               | 2,043                      | 16,890               |
| Depreciation                    | <u>2,485</u>            | <u>1,019</u>               | <u>3,504</u>         |
| Effect of exchange rate changes | <u>143</u>              | <u>38</u>                  | <u>181</u>           |
| Balance at March 31, 2023       | <u><b>\$ 17,475</b></u> | <u><b>3,100</b></u>        | <u><b>20,575</b></u> |
| Carrying amount:                |                         |                            |                      |
| Balance at March 31, 2024       | <u><b>\$ 18,988</b></u> | <u><b>10,157</b></u>       | <u><b>29,145</b></u> |
| Balance at January 1, 2024      | <u><b>\$ 21,043</b></u> | <u><b>10,838</b></u>       | <u><b>31,881</b></u> |
| Balance at March 31, 2023       | <u><b>\$ 28,107</b></u> | <u><b>13,385</b></u>       | <u><b>41,492</b></u> |

(See accompanying notes to consolidated financial statements)

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(j) Intangible assets

(i) The movements of cost, accumulated amortization and impairment loss of intangible assets were as follows:

|   | Trademarks       | Patents<br>and<br>technology | Customer<br>relationships | Goodwill      | Total          |
|---|------------------|------------------------------|---------------------------|---------------|----------------|
| Cost:   |                  |                              |                           |               |                |
| Balance at January 1, 2024                    | \$ 33,741        | 238,074                      | 175,358                   | 38,278        | 485,451        |
| Additions                                     | -                | -                            | -                         | 3,888         | 3,888          |
| Effect of exchange rate changes               | -                | -                            | -                         | 133           | 133            |
| Balance at March 31, 2024                     | <u>\$ 33,741</u> | <u>238,074</u>               | <u>175,358</u>            | <u>42,299</u> | <u>489,472</u> |
| Balance at January 1, 2023                    | \$ 34,133        | 238,074                      | 175,358                   | 16,612        | 464,177        |
| Other reclassification                        | -                | -                            | -                         | 961           | 961            |
| Effect of exchange rate changes               | -                | -                            | -                         | 63            | 63             |
| Balance at March 31, 2023                     | <u>\$ 34,133</u> | <u>238,074</u>               | <u>175,358</u>            | <u>17,636</u> | <u>465,201</u> |
| Accumulated amortization and impairment loss: |                  |                              |                           |               |                |
| Balance at January 1, 2024                    | \$ 33,741        | 238,074                      | -                         | 12,158        | 283,973        |
| Amortization                                  | -                | -                            | -                         | 2,262         | 2,262          |
| Balance at March 31, 2024                     | <u>\$ 33,741</u> | <u>238,074</u>               | <u>-</u>                  | <u>14,420</u> | <u>286,235</u> |
| Balance at January 1, 2023                    | \$ 31,766        | 223,903                      | -                         | 5,405         | 261,074        |
| Amortization                                  | 1,215            | 8,503                        | -                         | 1,082         | 10,800         |
| Balance at March 31, 2023                     | <u>\$ 32,981</u> | <u>232,406</u>               | <u>-</u>                  | <u>6,487</u>  | <u>271,874</u> |
| Carrying amount:                              |                  |                              |                           |               |                |
| Balance at March 31, 2024                     | <u>\$ -</u>      | <u>-</u>                     | <u>175,358</u>            | <u>27,879</u> | <u>203,237</u> |
| Balance at January 1, 2024                    | <u>\$ -</u>      | <u>-</u>                     | <u>175,358</u>            | <u>26,120</u> | <u>201,478</u> |
| Balance at March 31, 2023                     | <u>\$ 1,152</u>  | <u>5,668</u>                 | <u>175,358</u>            | <u>11,149</u> | <u>193,327</u> |

(ii) Goodwill acquired by the Group should be impaired from testing at least annually in accordance with IAS No.36, and there is no impairment loss on the basis of the results of the Impairment test performed by the Group on December 31 2023. Refer to Note 6(k) to the Consolidated Financial Statement in 2023.

On March 31, 2024, and March 31, 2023, the Group assessed the operating revenue and net operating profit achievement of the relevant cash-generating units for the three-month ended March 31, 2024 and 2023, as well as the budget evaluations for future operating revenue and profit. there is no signs of impairment.

(See accompanying notes to consolidated financial statements)

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(iii) The amortization of intangible assets was included in the following line items of the consolidated statement of comprehensive income:

|                    | For the three-month periods ended |               |
|--------------------|-----------------------------------|---------------|
|                    | March 31                          |               |
|                    | 2024                              | 2023          |
| Cost of revenue    | \$ 106                            | 100           |
| Operating expenses | 2,156                             | 10,700        |
|                    | <b>\$ 2,262</b>                   | <b>10,800</b> |

(k) Short-term borrowings

|                          | March 31,<br>2024   | December 31,<br>2023 | March 31,<br>2023 |
|--------------------------|---------------------|----------------------|-------------------|
| Unused credit facilities | <b>\$ 1,457,444</b> | <b>1,438,372</b>     | <b>1,220,364</b>  |
| Interest rate            | -                   | -                    | -                 |

(l) Lease liabilities

Carrying amount of lease liabilities are as follows:

|             | March 31,<br>2024 | December 31,<br>2023 | March 31,<br>2023 |
|-------------|-------------------|----------------------|-------------------|
| Current     | <b>\$ 13,330</b>  | <b>12,998</b>        | <b>12,641</b>     |
| Non-current | <b>\$ 18,812</b>  | <b>21,510</b>        | <b>30,435</b>     |

For the maturity analysis, please refer to Note 6(v).

The amounts recognized in profit or loss were as follows:

|   | For the three-month periods ended |            |
|---|-----------------------------------|------------|
|   | March 31                          |            |
|   | 2024                              | 2023       |
| Interest expense on lease liabilities           | <b>\$ 225</b>                     | <b>288</b> |
| Expenses relating to short-term leases          | <b>\$ 169</b>                     | <b>110</b> |
| Expenses relating to leases of low-value assets | <b>\$ 9</b>                       | <b>8</b>   |

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

|                               | For the three-month periods ended |              |
|-------------------------------|-----------------------------------|--------------|
|                               | March 31                          |              |
|                               | 2024                              | 2023         |
| Total cash outflow for leases | <b>\$ 3,671</b>                   | <b>3,551</b> |

(i) Real estate leases

The Group leases buildings for its offices and factories, with lease terms of one to five years. If the Group needs to renew the lease of contract amount at the end of contract term, lease liabilities and right-of-use assets are remeasured. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(See accompanying notes to consolidated financial statements)

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(ii) Other leases

The Group leases transportation equipment and other equipment, with lease terms of one to three years. These leases are short-term or low-value assets and therefore, the Group applies the exemption and not to recognize right-of-use assets and lease liabilities for these leases.

(m) Provision for warranties

|                                 | For the three-month periods ended<br>March 31 |               |
|---------------------------------|---|---------------|
|                                 | 2024  | 2023          |
| Balance at January 1            | \$ 27,998                                     | 34,461        |
| Provisions made(reversal)       | 695   | (186)         |
| Amount utilized                 | (689)   | (1,361)       |
| Effect of exchange rate changes | 633   | 333           |
| Balance at March 31             | <b>\$ 28,637</b>                              | <b>33,247</b> |

The provision for warranties is estimated based on historical warranty data associated with similar products. The Group expects to settle most of the warranty liability in one to three years from the date of the sale of the product.

(n) Employee benefits

(i) Defined benefit plans

As there were no significant market fluctuations and significant reductions, liquidations or other material one-time events after the end of the previous financial year, the Group used the actuarial costs of December 31, 2022 to measure and disclose pension costs for the mid-period.

The present value of defined benefit obligations and the fair value of plan assets were as follows:

|                    | For the three-month<br>periods ended<br>March 31, 2023 |
|--------------------|--|
| Operating expenses | <b>\$ 48</b>   |

The Group reached an agreement with employees to settle the old system seniority, according to relevant regulations for settling retirement benefits In July 2023, and to disburse the remaining balance of the Taiwan Bank Employees' Retirement Reserve Fund Account to the employees.

(ii) Defined contribution plans

The Company and its domestic subsidiaries contribute monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Foreign subsidiaries make contributions in compliance with their respective local regulations.

(See accompanying notes to consolidated financial statements)

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

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Under these defined contribution plans, the Group has no legal or constructive obligation to pay additional amounts after contributing a fixed amount.

The Group recognized expense of the defined contribution plans as follows:

|                    | <b>For the three-month periods ended</b> |                     |
|--------------------|--|---------------------|
|                    | <b>March 31</b>                          |                     |
|                    | <b>2024</b>                              | <b>2023</b>         |
| Cost of revenue    | \$ 1,158                                 | 1,166               |
| Operating expenses | 4,462                                    | 4,165               |
|                    | <b><u>\$ 5,620</u></b>                   | <b><u>5,331</u></b> |

(o) Income taxes

(i) The components of income tax expense were as follows:

|                    | <b>For the three-month periods ended</b> |                      |
|--------------------|--|----------------------|
|                    | <b>March 31</b>                          |                      |
|                    | <b>2024</b>                              | <b>2023</b>          |
| income tax expense | <b><u>\$ 58,813</u></b>                  | <b><u>15,248</u></b> |

(ii) The Group did not have income tax under directly recognized equity or other comprehensive income for the three-month ended March 31, 2024 and 2023.

(iii) The Company's income tax returns for the years through 2021 were examined and approved by the R.O.C income tax authorities.

(p) Capital and other equity

Except as described below, no significant changes in share capital and other interests of the Group for the three-month ended March 31, 2024 and 2023. Refer to Note 6(q) to the Consolidated Financial Statement in 2023 for details.

(i) Common stock

As of March 31, 2024, December 31, 2023 and March 31, 2023, the Company's authorized shares of common stock both consisted of 220,000 thousand shares with par value of NTD 10 per share, both of which 143,062 thousand shares were issued and outstanding.

(ii) Capital surplus

|   | <b>March 31,</b>         | <b>December 31,</b>   | <b>March 31,</b>      |
|---|--------------------------|-----------------------|-----------------------|
|   | <b>2024</b>              | <b>2023</b>           | <b>2023</b>           |
| Premium derived from the issuance of shares in excess of par value: |                          |                       |                       |
| Premium on common stock issued for conversion of convertible bonds  | \$ 522,161               | 522,161               | 522,161               |
| Forfeited employee stock options                                    | 2,433                    | 2,433                 | 2,433                 |
| Changes in equity of associates accounted for using equity method   | 14,329                   | 14,329                | 12,338                |
| Gains on disposal of assets   | 15                       | 15                    | 15                    |
|   | <b><u>\$ 538,938</u></b> | <b><u>538,938</u></b> | <b><u>536,947</u></b> |

(See accompanying notes to consolidated financial statements)

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

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Pursuant to the Company Act, any realized capital surplus is initially used to cover an accumulated deficit, and the balance, if any, could be transferred to common stock dividends or distributed as cash dividends based on the original shareholding ratio. Realized capital surplus includes the premium derived from the issuance of shares in excess of par value and donations from stockholders received by the Company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

(iii) Retained earnings and dividend policy

The Company's Articles of Incorporation stipulate that at least 10% of annual net income after deducting an accumulated deficit, if any, must be retained as a legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve should be set aside in accordance with applicable laws and regulations. The remaining balance of annual net income, together with the unappropriated earnings from the previous years, should be distributed according to the proposal by the board of directors and thereafter be approved in the shareholders' meeting. Appropriation of earnings should not be less than 60% of the net income after deducting an accumulated deficit, legal reserve, and special reserve.

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve (which does not qualify for earnings distribution) during earnings distribution. The Company shall make allocation of special reserve for the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than the after-tax net profit in the period that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of the undistributed prior-period earnings shall be reclassified to special earnings reserve to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

In view of the overall economic environment and the development of the industry, and in order to meet the Company's long-term financial planning and cash requirements of stockholders, the Company has adopted a stable dividend policy in which a cash dividend comprises at least 10% of total distribution of dividends.

The distribution of earnings for 2023 proposed by the board of directors on March 8, 2024 and the distribution of earnings for 2022 had been approved in the meetings of shareholders held on June 9, 2024, respectively. The relevant dividend distributions to shareholders were as follows:

|   | 2023                                   |                | 2022                                   |                |
|---|--|----------------|--|----------------|
|   | Dividends<br>per share<br>(in dollars) | Total amount   | Dividends<br>per share<br>(in dollars) | Total amount   |
| Dividends distributed to<br>shareholders: |  |                |  |                |
| Cash dividends                            | \$ 3.50                                | <u>500,718</u> | 5.50                                   | <u>786,843</u> |

(See accompanying notes to consolidated financial statements)

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

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The distribution of earnings for 2023 proposed by the board of directors on March 8, 2024 distribute cash at NT\$0.5 per share from capital surplus, the total distribution for the year 2023 amounts to NT\$4.0 per share in cash dividends, totaling NT\$572,249.

(iv) Other equity items (net after tax)

|   | Foreign currency<br>translation<br>differences | Remeasurement<br>of defined<br>benefit plans | Total           |
|---|--|--|-----------------|
| Balance at January 1, 2024  | \$ (33,655)                                    | (3,014)                                      | (36,669)        |
| Foreign exchange differences arising from translation of foreign operations | 25,344   | -  | 25,344          |
| Balance at March 31, 2024   | <u>\$ (8,311)</u>                              | <u>(3,014)</u>                               | <u>(11,325)</u> |
| Balance at January 1, 2023  | \$ (46,013)                                    | (3,398)                                      | (49,411)        |
| Foreign exchange differences arising from translation of foreign operations | 2,255  | -  | 2,255           |
| Balance at March 31, 2023   | <u>\$ (43,758)</u>                             | <u>(3,398)</u>                               | <u>(47,156)</u> |

(v) Non-controlling interests (net after tax)

|   | For the three-month periods ended<br>March 31 |               |
|---|---|---------------|
|   | 2024  | 2023          |
| Balance at January 1  | \$ 45,217                                     | 74,321        |
| Equity attributable to non-controlling interest:                            |   |               |
| Net loss  | (6,494)                                       | (5,498)       |
| Foreign exchange differences arising from translation of foreign operations | 180   | (66)          |
|   | <u>\$ 38,903</u>                              | <u>68,757</u> |

(q) Share-based payment

Cash settled phantom stock appreciation rights plan

The Group's subsidiary, Berry AI Inc. ("Berry AI"), granted a cash settled phantom stock appreciation rights plan to employees and consultants who meet certain requirements. Employees and consultants are entitled to exercise their rights under the condition that they continue to provide services to Berry AI ranging from three months to three years in the future, with a value equal to the difference between agreed-upon price and the settlement price. The movements in outstanding phantom stock were summarized as follows:

|                                    | For the three-month periods ended<br>March 31, 2024 |  |
|------------------------------------|---|--|
|                                    | Units<br>(in thousands)                             | Weighted average<br>exercise price<br>(in US Dollar) |
| Outstanding, beginning of the year | 1,598   | \$ 0.55  |
| Granted during the year            | 140   | 0.64   |
| Exercised during the year          | -   | -  |
| Forfeited during the year          | <u>1,738</u>  | 0.56   |
| Outstanding, end of the year       | <u>-</u>  |  |

Berry AI adopted the Black-Scholes Model in measuring the fair value of its share-based  
(See accompanying notes to consolidated financial statements)

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

payment and the assumptions were as follows:

|                                | <b>March 31, 2024</b> |
|--------------------------------|-----------------------|
| Fair value at measurement date | 12.78 元               |
| Expected volatility (%)        | 109.68%               |
| Expected life (in years)       | 8 年                   |
| Risk-free interest rate (%)    | 3.87%                 |

Berry AI recognized related expenses for share-based payment amounting to \$1,500 as operating expenses For the three-month periods ended March 31, 2024.

(r) Earnings per share (“EPS”)

(i) Basic earnings per share

|                          | <b>For the three-month periods ended<br/>March 31</b> |             |
|--------------------------|---|-------------|
|                          | <b>2024</b>   | <b>2023</b> |
|                          | Fair value at measurement date                        | \$ 223,710  |
| Expected volatility (%)  | 143,062   | 143,062     |
| Expected life (in years) | <b>\$ 1.56</b>  | <b>0.37</b> |

(ii) Diluted earnings per share

|   | <b>For the three-month periods ended<br/>March 31</b> |             |
|---|---|-------------|
|   | <b>2024</b>   | <b>2023</b> |
|   | Profit attributable to shareholders of the Company    | \$ 223,710  |
| Weighted-average number of common shares outstanding(in thousands)  |   |             |
| Effect of dilutive potential common shares:   | 143,062   | 143,062     |
| Effect of remuneration to employees   |   |             |
| Profit attributable to shareholders of the Company  | 706   | 1,405       |
| Weighted-average number of common shares outstanding (in thousands) (including effect of dilutive potential common stock) | 143,768   | 144,467     |
| Diluted earnings per share (in New Taiwan Dollar)   | <b>\$ 1.56</b>  | <b>0.36</b> |

(See accompanying notes to consolidated financial statements)



**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

|                               | <b>For the three-month periods ended</b> |                       |
|-------------------------------|--|-----------------------|
|                               | <b>March 31</b>                          |                       |
|                               | <b>2024</b>                              | <b>2023</b>           |
| Primary geographical markets: |  |                       |
| Domestic sales                | \$ 20,596                                | 13,050                |
| Export sales:                 |  |                       |
| Asia                          | 83,048                                   | 112,483               |
| America                       | 507,158                                  | 297,230               |
| Europe and Africa             | 402,551                                  | 346,982               |
| Primary geographical markets: | <u>992,757</u>                           | <u>756,695</u>        |
|                               | <b><u>\$ 1,013,353</u></b>               | <b><u>769,745</u></b> |
| Major products:               |  |                       |
| Industrial computers          | \$ 866,565                               | 652,794               |
| Peripherals                   | 120,589                                  | 75,320                |
| Others                        | 26,199                                   | 41,631                |
|                               | <u>1,013,353</u>                         | <u>769,745</u>        |

(ii) Contract balances

|                                | <b>March 31,</b>         | <b>December 31,</b>   | <b>March 31,</b>      |
|--------------------------------|--------------------------|-----------------------|-----------------------|
|                                | <b>2024</b>              | <b>2023</b>           | <b>2023</b>           |
| Notes and accounts receivable  | \$ 859,660               | 817,638               | 557,291               |
| Less: loss allowance           | (117)                    | (98)                  | (434)                 |
|                                | <b><u>\$ 859,543</u></b> | <b><u>817,540</u></b> | <b><u>556,857</u></b> |
|                                |                          |                       |                       |
|                                | <b>March 31,</b>         | <b>December 31,</b>   | <b>March 31,</b>      |
|                                | <b>2024</b>              | <b>2023</b>           | <b>2023</b>           |
| Contract liabilities — current | <b><u>\$ 67,451</u></b>  | <b><u>85,137</u></b>  | <b><u>47,079</u></b>  |

Please refer to note 6(d) for details on notes and accounts receivable and the loss allowance.

The major changes in the balance of contract liabilities were due to the timing difference between the satisfaction of performance obligation and the receipt of customer's payment.

The amount of revenue recognized for the three-month ended March 31, 2024 and 2023 that was included in the contract liability balance at the beginning of period were \$28,931 and \$20,527, respectively.

(See accompanying notes to consolidated financial statements)

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(t) Remuneration of employees and directors and supervisors

Pursuant to the Company's articles of incorporation, the Company shall distribute 3% to 15% of its profits in the current period as compensation to its employees and no more than 3% to its directors and supervisors. Nevertheless, the profits in the current period should be reserved for offsetting the accumulated deficit, if any, prior to distributing the compensation to the employees and directors and supervisors. The aforementioned compensation of employees could be distributed in the form of cash or stock to the employees of the Company's subsidiaries conforming to certain requirements.

For the three-month periods ended March 31, 2024 and 2023, the Company accrued the remuneration to its employees amounting to \$19,100 and \$5,300, respectively, and the remuneration to its directors amounting to \$1,410 and \$1,800, respectively, which were calculated based on the net profits before tax of each period (excluding the remuneration to employees and directors), multiplied by the distribution ratio of remuneration to employees and directors under the Company's articles of incorporation, and recognized as cost of revenue and operating expenses. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in following year

For the year ended December 31, 2023 and 2022, the Company accrued the remuneration to its employees amounting to \$43,800 and \$110,000, respectively, and the remuneration to its directors amounting to \$5,600. The aforementioned accrued compensation of employees, directors and supervisors is the same as the amounts approved by the Board of Directors, and will be paid in cash. The related information would be available at the Market Observation Post System website.

(u) Non-operating income and loss

(i) Interest income

|                                    | <b>For the three-month periods ended</b> |               |
|------------------------------------|--|---------------|
|                                    | <b>March 31</b>                          |               |
|                                    | <b>2024</b>                              | <b>2023</b>   |
| Interest income from bank deposits | <b>\$ 8,941</b>                          | <b>10,619</b> |

(ii) Other gains and losses

|   | <b>For the three-month periods ended</b> |                |
|---|--|----------------|
|   | <b>March 31</b>                          |                |
|   | <b>2024</b>                              | <b>2023</b>    |
| Foreign currency exchange gains(loss)   | 43,061                                   | (8,595)        |
| Net gains (losses) on financial assets and liabilities at fair value through profit or loss | 64                                       | 41             |
|   | <b>\$ 43,125</b>                         | <b>(8,554)</b> |

(See accompanying notes to consolidated financial statements)

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(iii) Finance costs

|                                       | For the three-month periods ended |            |
|---------------------------------------|-----------------------------------|------------|
|                                       | March 31                          |            |
|                                       | 2024                              | 2023       |
| Interest expense on lease liabilities | \$ <b>225</b>                     | <b>288</b> |

(v) Financial instruments

Except as described below, there is no significant change in the exposure of the Group to credit risk, liquidity risk, and market risk (including currency risk and interest rate risk) due to financial instruments. Refer to Note 6(w)(x) to the Consolidated Financial Statement in 2023 for details.

(i) Categories of financial instruments

1) Financial assets

|   | March 31,<br>2024   | December 31,<br>2023 | March 31,<br>2023 |
|---|---------------------|----------------------|-------------------|
| Financial assets at fair value through profit or loss:                          |                     |                      |                   |
| Financial assets mandatorily measured at fair value through profit or loss      | \$ <b>9,747</b>     | <b>9,683</b>         | <b>9,562</b>      |
| Financial assets at fair value through other comprehensive income:              |                     |                      |                   |
| Domestic unlisted stock   | <b>3,000</b>        | <b>3,000</b>         | -                 |
| Financial assets measured at amortized cost:                                    |                     |                      |                   |
| Cash and cash equivalents   | 2,612,973           | 2,509,200            | 3,090,407         |
| Financial assets measured at amortized cost (including current and non-current) | 504,187             | 375,836              | 175,140           |
| Notes and accounts receivable   | 859,543             | 817,540              | 556,857           |
| Refundable deposits   | 1,959               | 1,916                | 1,913             |
|   | <b>3,978,662</b>    | <b>3,704,492</b>     | <b>3,824,317</b>  |
|   | <b>\$ 3,991,409</b> | <b>3,717,175</b>     | <b>3,833,879</b>  |

2) Financial liabilities

|   | March 31,<br>2024 | December 31,<br>2023 | March 31,<br>2023 |
|---|-------------------|----------------------|-------------------|
| Financial liabilities measured at amortized cost:     |                   |                      |                   |
| Accounts payable                                      | \$ 481,220        | 330,840              | 229,885           |
| Other payables  | 237,994           | 262,409              | 243,461           |
| Lease liabilities (including current and non-current) | 32,142            | 34,508               | 43,076            |
|   | <b>\$ 751,356</b> | <b>627,757</b>       | <b>516,422</b>    |

(See accompanying notes to consolidated financial statements)

## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (ii) Credit risk

##### 1) The maximum exposure to credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents, accounts receivable from customers, other receivables, time deposits. The maximum exposure to credit risk is equal to the carrying amount of the Group's financial assets.

##### 2) Concentration of credit risk

Due to the Group's primary business relies on marketing products through regional distributors or system integrators, ensuring high financial transparency. As of March 31, 2024, December 31, 2023, and March 31, 2023, five clients accounted to a total of 54%, 51%, and 38% respectively, of the Group's notes and accounts receivable and therefore, In order to reduce credit risk, the Group has established a credit policy under which each customer is analyzed individually for creditworthiness for the purpose of setting the credit limit. Additionally, the Group continuously evaluates the credit quality of customers and utilizes insurance to minimize the credit risk.

##### 3) Credit risk of notes and accounts receivables

For credit risk exposure and loss allowance of notes and accounts receivable, please refer to note 6(d).

Other financial assets measured at amortized cost are considered including other receivables and time deposit (ledger account: Financial assets measured at amortized cost are considered) are considered as low-credit-risk financial assets, and thus, loss allowances are measured using 12-months ECL (The measurement of low-credit-risk refers to Note 4(g) to the Consolidated Financial Statement in 2023 for details.). As of March 31, 2024, December 31, 2023 and March 31, 2023, no loss allowance was provided for these financial assets after management's assessment.

#### (iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in settling its financial liabilities by delivering cash or other financial assets. The Group manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand, and maintaining adequate cash and cash equivalents, and banking facilities. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group had unused credit facilities of \$1,457,444, \$1,438,372 and \$1,220,364, respectively.

The table below summarizes the maturity profile of the Group's financial liabilities and derivative financial instruments based on contractual undiscounted payments.

(See accompanying notes to consolidated financial statements)

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

|                                       | <u>Contractual<br/>cash flows</u> | <u>Within 1<br/>years</u> | <u>1-2 years</u>     | <u>More than<br/>2 years</u> |
|---------------------------------------|-----------------------------------|---------------------------|----------------------|------------------------------|
| <b>March 31, 2024</b>                 |                                   |                           |                      |                              |
| Non-derivative financial liabilities: |                                   |                           |                      |                              |
| Notes and accounts payable            | \$ 481,220                        | 481,220                   | -                    | -                            |
| Other payables                        | 237,994                           | 237,994                   | -                    | -                            |
| Lease liabilities                     | <u>33,359</u>                     | <u>14,039</u>             | <u>14,611</u>        | <u>4,709</u>                 |
|                                       | <b><u>\$ 752,573</u></b>          | <b><u>733,253</u></b>     | <b><u>14,611</u></b> | <b><u>4,709</u></b>          |
| <b>December 31, 2023</b>              |                                   |                           |                      |                              |
| Non-derivative financial liabilities: |                                   |                           |                      |                              |
| Accounts payable                      | \$ 330,840                        | 330,840                   | -                    | -                            |
| Lease liabilities                     | 35,910                            | 13,765                    | 11,138               | 11,007                       |
| Other payables                        | <u>262,409</u>                    | <u>262,409</u>            | <u>-</u>             | <u>-</u>                     |
|                                       | <b><u>\$ 629,159</u></b>          | <b><u>607,014</u></b>     | <b><u>11,138</u></b> | <b><u>11,007</u></b>         |
| <b>March 31, 2023</b>                 |                                   |                           |                      |                              |
| Non-derivative financial liabilities: |                                   |                           |                      |                              |
| Notes and accounts payable            | \$ 229,885                        | 229,885                   | -                    | -                            |
| Lease liabilities                     | 45,189                            | 13,613                    | 13,443               | 18,133                       |
| Other payables                        | <u>243,461</u>                    | <u>243,461</u>            | <u>-</u>             | <u>-</u>                     |
|                                       | <b><u>\$ 518,535</u></b>          | <b><u>486,959</u></b>     | <b><u>13,443</u></b> | <b><u>18,133</u></b>         |

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

(iv) Foreign currency risk

The Group's exposure to foreign currency risk arises from cash and cash equivalents, notes and accounts receivable (payable) and other payables. At the reporting date, the carrying amounts of the Group's significant monetary assets and liabilities denominated in a currency other than the respective functional currencies of Group entities were as follows (including the monetary items that have been eliminated in the accompanying consolidated financial statements):

(Amount in Thousands of Dollar)

| <b>March 31, 2024</b>        |                             |                          |            |                                |   |
|------------------------------|-----------------------------|--------------------------|------------|--------------------------------|---|
|                              | <u>Foreign<br/>currency</u> | <u>Exchange<br/>rate</u> | <u>NTD</u> | <u>Change in<br/>magnitude</u> | <u>Pre-tax effect<br/>on profit or<br/>loss</u> |
| <u>Financial assets</u>      |                             |                          |            |                                |   |
| <u>Monetary items</u>        |                             |                          |            |                                |   |
| USD                          | \$                          | 36,851                   | 32.00      | 1,179,232                      | 1%  |
| CNY                          |                             | 9,695                    | 4.41       | 42,755                         | 1%  |
| GBP                          |                             | 1,792                    | 40.39      | 72,379                         | 1%  |
| <u>Financial liabilities</u> |                             |                          |            |                                |   |
| <u>Monetary items</u>        |                             |                          |            |                                |   |
| USD                          |                             | 8,781                    | 32.00      | 280,992                        | 1%  |

(See accompanying notes to consolidated financial statements)

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

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| <b>December 31, 2023</b>     |                             |                          |            |                                |   |
|------------------------------|-----------------------------|--------------------------|------------|--------------------------------|---|
|                              | <b>Foreign<br/>currency</b> | <b>Exchange<br/>rate</b> | <b>NTD</b> | <b>Change in<br/>magnitude</b> | <b>Pre-tax effect<br/>on profit or<br/>loss</b> |
| <u>Financial assets</u>      |                             |                          |            |                                |   |
| <u>Monetary items</u>        |                             |                          |            |                                |   |
| USD                          | \$                          | 33,518                   | 30.71      | 1,029,338                      | 10,293  |
| CNY                          |                             | 9,706                    | 4.33       | 42,027                         | 420   |
| GBP                          |                             | 1,997                    | 39.17      | 78,222                         | 782   |
| <u>Financial liabilities</u> |                             |                          |            |                                |   |
| <u>Monetary items</u>        |                             |                          |            |                                |   |
| USD                          |                             | 5,069                    | 30.71      | 155,669                        | 1,557   |

| <b>March 31, 2024</b>        |                             |                          |            |                                |   |
|------------------------------|-----------------------------|--------------------------|------------|--------------------------------|---|
|                              | <b>Foreign<br/>currency</b> | <b>Exchange<br/>rate</b> | <b>NTD</b> | <b>Change in<br/>magnitude</b> | <b>Pre-tax effect<br/>on profit or<br/>loss</b> |
| <u>Monetary items</u>        |                             |                          |            |                                |   |
| USD                          |                             |                          |            |                                |   |
| CNY                          | \$                          | 42,037                   | 30.45      | 1,280,098                      | 12,801  |
| GBP                          |                             | 9,531                    | 4.43       | 42,236                         | 422   |
| <u>Monetary items</u>        |                             | 1,983                    | 37.65      | 74,660                         | 747   |
| <u>Financial liabilities</u> |                             |                          |            |                                |   |
| <u>Monetary items</u>        |                             |                          |            |                                |   |
| USD                          |                             | 4,432                    | 30.45      | 134,961                        | 1,350   |

Due to the varieties of functional currency within the Group, the Group disclosed realized and unrealized foreign exchange gain (loss) on monetary items in aggregate. Refer to Note 6(u) for details.

(v) Fair value valuation-financial instruments not measured at fair value

The Group considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

(vi) Financial instruments that are measured at fair value

The carrying amounts and fair value of the financial assets and financial liabilities of the Group, as measured at fair value, are as follows:

|  | <b>March 31, 2024</b>      |                   |                |                |              |
|--|----------------------------|-------------------|----------------|----------------|--------------|
|  | <b>Carrying<br/>Amount</b> | <b>Fair Value</b> |                |                | <b>Total</b> |
|  |                            | <b>Level 1</b>    | <b>Level 2</b> | <b>Level 3</b> |              |
| Financial assets at fair value through profit or loss:             |                            |                   |                |                |              |
| Convertible bonds  | \$ <u>9,747</u>            | <u>-</u>          | <u>-</u>       | <u>9,747</u>   | <u>9,747</u> |
| Financial assets at fair value through other comprehensive income: |                            |                   |                |                |              |
| Domestic unlisted stock  | \$ <u>3,000</u>            | <u>-</u>          | <u>-</u>       | <u>3,000</u>   | <u>3,000</u> |

(See accompanying notes to consolidated financial statements)

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

|  |  | <b>December 31, 2023</b>   |                |                |                |              |
|--|--|----------------------------|----------------|----------------|----------------|--------------|
|  |  | <b>Fair Value</b>          |                |                |                |              |
|  |  | <b>Carrying<br/>Amount</b> | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
| Financial assets at fair value through profit or loss:             |  |                            |                |                |                |              |
| Convertible bonds  |  | <u>\$ 9,683</u>            | <u>-</u>       | <u>-</u>       | <u>9,683</u>   | <u>9,683</u> |
| Financial assets at fair value through other comprehensive income: |  |                            |                |                |                |              |
| Domestic unlisted stock  |  | <u>\$ 3,000</u>            | <u>-</u>       | <u>-</u>       | <u>3,000</u>   | <u>3,000</u> |
|  |  | <b>March 31, 2023</b>      |                |                |                |              |
|  |  | <b>Fair Value</b>          |                |                |                |              |
|  |  | <b>Carrying<br/>Amount</b> | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
| Financial assets at fair value through profit or loss:             |  |                            |                |                |                |              |
| Convertible bonds  |  | <u>\$ 9,562</u>            | <u>-</u>       | <u>-</u>       | <u>9,562</u>   | <u>9,562</u> |

1) Fair value level

The different levels have been defined as follows:

- A. Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- B. Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- C. Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

2) Valuation techniques and assumptions used in fair value measurement

Non-derivative financial instruments

The fair value of unlisted stock held by the Group is estimated by using the market or asset valuation approach and is determined by reference to valuations of similar companies, net worth and operating activities. The significant unobservable inputs is primarily the liquidity discounts. No quantitative information is disclosed due to that the possible changes in liquidity discounts would not cause significant potential financial impact.

As quoted prices in active markets for convertible bonds invested by the Group are not available, binomial tree model for convertible bond pricing is adopted.

3) Transfers between fair value levels

No transfer of financial assets and financial liabilities to the fair value levels for the three-month periods ended March 31, 2024 and 2023.

(See accompanying notes to consolidated financial statements)

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

4) Movement in financial assets included Level 3 fair value hierarchy:

|                              | <b>For the three-month periods ended</b> |                     |
|------------------------------|--|---------------------|
|                              | <b>March 31</b>                          |                     |
|                              | <b>2024</b>                              | <b>2023</b>         |
| Balance at January 1         | \$ 12,683                                | 9,521               |
| Recognized in profit or loss | <u>64</u>                                | <u>41</u>           |
| Balance at March 31          | <u><b>\$ 12,747</b></u>                  | <u><b>9,562</b></u> |

(w) Financial risk management

There are no material changes to the financial risk management objectives and policies of the Group and those disclosed in Note 6(x) to the 2023 Consolidated Financial Statement.

(x) Capital management

The capital management objectives, policies and procedures of the Group are consistent with those disclosed in the 2023 consolidated financial statements. Refer to Note 6(y) to the 2023 consolidated financial statements

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

(i) For acquisition of right-of-use assets under operating lease, please refer to note 6(i).

(ii) The reconciliation of liabilities arising from financing activities was as follows:

|   | <b>January 1,<br/>2024</b> | <b>Cash<br/>flows</b> | <b>Non-cash changes</b>      |   | <b>March 31,<br/>2024</b> |
|---|----------------------------|-----------------------|------------------------------|---|---------------------------|
|   |                            |                       | <b>Changes<br/>in leases</b> | <b>Foreign<br/>currency<br/>exchange<br/>movement</b> |                           |
| Lease liabilities (Total liabilities from financing activities) | <u><b>\$ 34,508</b></u>    | <u><b>(3,268)</b></u> | <u><b>-</b></u>              | <u><b>902</b></u>                                     | <u><b>32,142</b></u>      |

  

|   | <b>January 1,<br/>2023</b> | <b>Cash<br/>flows</b> | <b>Non-cash changes</b>      |   | <b>March 31,<br/>2023</b> |
|---|----------------------------|-----------------------|------------------------------|---|---------------------------|
|   |                            |                       | <b>Changes<br/>in leases</b> | <b>Foreign<br/>currency<br/>exchange<br/>movement</b> |                           |
| Lease liabilities (Total liabilities from financing activities) | <u><b>\$ 45,893</b></u>    | <u><b>(3,145)</b></u> | <u><b>-</b></u>              | <u><b>328</b></u>                                     | <u><b>43,076</b></u>      |

(iii) Investment activities with only partial cash payments:

|  | <b>For the three-month periods ended</b> |                      |
|--|--|----------------------|
|  | <b>March 31</b>                          |                      |
|  | <b>2024</b>                              | <b>2023</b>          |
| Purchase of property, plant and equipment                  | \$ 6,288                                 | 3,878                |
| Add: prepayments for equipment at end of the period        | 8,141                                    | 45,915               |
| Less: prepayments for equipment at beginning of the period | <u>(6,070)</u>                           | <u>(12,854)</u>      |
| Cash paid for the period                                   | <u><b>\$ 8,359</b></u>                   | <u><b>36,939</b></u> |

(See accompanying notes to consolidated financial statements)



**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**7. Related-party transactions**

- (a) Significant related-party transactions: None.  
 (b) Compensation of key management personnel

|                              | <b>For the three-month periods ended</b> |               |
|------------------------------|--|---------------|
|                              | <b>March 31</b>                          |               |
|                              | <b>2024</b>                              | <b>2023</b>   |
| Short-term employee benefits | \$ 13,046                                | 13,302        |
| Post-employment benefits     | 216                                      | 252           |
|                              | <b>\$ 13,262</b>                         | <b>13,554</b> |

**8. Pledged assets**

The carrying amounts of assets pledged as collateral are detailed below:

| <b>Pledged assets</b>   | <b>Pledged to secure</b>            | <b>March 31,<br/>2024</b> | <b>December 31,<br/>2023</b> | <b>March 31,<br/>2023</b> |
|---|-------------------------------------|---------------------------|------------------------------|---------------------------|
| Time deposits (classified as financial assets measured at amortized cost — current) | Guarantee deposit for custom duties | <b>\$ 693</b>             | <b>691</b>                   | <b>684</b>                |

**9. Significant commitments and contingencies: None.**

**10. Significant losses due to major disasters: None.**

**11. Significant subsequent events: None.**

**12. Others**

Employee benefits, depreciation, and amortization categorized by function were as follows:

| <b>By function</b> | <b>For the three-month periods ended March 31, 2024</b> |                           |              | <b>For the three-month periods ended March 31, 2023</b> |                           |              |
|--------------------|---|---------------------------|--------------|---|---------------------------|--------------|
|                    | <b>Cost of revenue</b>                                  | <b>Operating expenses</b> | <b>Total</b> | <b>Cost of revenue</b>                                  | <b>Operating expenses</b> | <b>Total</b> |
| <b>By item</b>     |   |                           |              |   |                           |              |
| Employee benefits: |   |                           |              |   |                           |              |
| Salaries           | 35,241  | 126,795                   | 162,036      | 29,924  | 107,403                   | 137,327      |
| Insurance          | 3,453   | 8,126                     | 11,579       | 3,429   | 7,794                     | 11,223       |
| Pension            | 1,158   | 4,462                     | 5,620        | 1,166   | 4,213                     | 5,379        |
| Others             | 1,050   | 2,766                     | 3,816        | 1,087   | 3,107                     | 4,194        |
| Depreciation       | 11,695  | 8,138                     | 19,833       | 11,705  | 8,071                     | 19,776       |
| Amortization       | 106   | 2,156                     | 2,262        | 100   | 10,700                    | 10,800       |

Seasonality of operations: The operations of the Group are not significantly affected by seasonal or cyclical factors.

(See accompanying notes to consolidated financial statements)

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**13. Additional disclosures**

(a) Information on significant transactions:

In accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company discloses the following information on significant transactions For the three-month periods ended March 31, 2024.

(i) Financing provided to other parties: None.

(ii) Guarantees and endorsements provided to other parties:

(Amount in Thousands of New Taiwan Dollars)

| No.<br>(Note 1) | Endorsement<br>Guarantee<br>Provider | Guaranteed Party               |                                       | Limits on<br>Endorsement/<br>Guarantee<br>Amount<br>Provided to Each<br>Guaranteed<br>Party (Note 3) | Maximum<br>Balance<br>for the<br>Period | Ending<br>Balance | Amount<br>Actually<br>Drawn | Amount of<br>Endorsement/<br>Guarantee<br>Collateralized<br>by Properties | Ratio of Accumulated<br>Endorsement/<br>Guarantee to Net<br>Equity per Latest<br>Financial Statements | Maximum<br>Endorsement/<br>Guarantee<br>Amount<br>Allowable<br>(Note 3) | Guarantee<br>Provided by<br>Parent<br>Company | Guarantee<br>Provided by A<br>Subsidiary | Guarantee<br>Provided to<br>Subsidiaries<br>in Mainland<br>China |
|-----------------|--------------------------------------|--------------------------------|---------------------------------------|--|---|-------------------|-----------------------------|---|---|---|---|--|--|
|                 |                                      | Name                           | Nature of<br>Relationship<br>(Note 2) |  |   |                   |                             |   |   |   |   |  |  |
| 0               | The Company                          | Box<br>Technologies<br>Limited | 2                                     | 981,662  | 40,000                                  | 40,000            | -                           | -   | 0.81%   | 2,454,156   | Y   | N  | N  |

Note 1: Parties to the intercompany transactions are identified and numbered as follows:

- 1.0" represents the Company.
2. Subsidiaries are numbered from "1".

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party: 2 for entities directly or indirectly owned by the Company over 50%

Note 3: The Company provides guaranteed to a subsidiary that the parent company owns directly 100% voting shares; the limit on endorsement or guarantee provided by the Company to a single party should not exceed 20% of its net worth. The total amount of endorsement or guarantee provided by the company should not exceed 50% of its net worth.

(iii) Marketable securities held at the reporting date (excluding investments in subsidiaries, associates, and jointly controlled entities):

(Amounts in Thousands of New Taiwan Dollars and shares)

| Investing<br>Company    | Marketable<br>Securities<br>Type and Name           | Relationship<br>with the<br>Securities Issuer | Financial Statement<br>Account   | Ending Balance |                |                            |            | Note |
|-------------------------|---|---|--|----------------|----------------|----------------------------|------------|------|
|                         |   |   |  | Shares         | Carrying Value | Percentage of<br>Ownership | Fair Value |      |
| The Company             | Convertible bond:<br>Nextronics<br>engineering core | -   | Financial assets at fair<br>value through profit or<br>loss— current                 | 0.1            | 9,747          | -                          | 9,747      | -    |
| Flytech CN BVI          | Convertible bond:<br>Astra cloud holdings           | -   | Financial assets at fair<br>value through profit or<br>loss— current                 | -              | -              | -                          | -          | -    |
| Fei Shiun<br>Investment | Common stock:<br>Jenjan Logistics                   | -   | Financial assets at fair<br>value through other<br>comprehensive income<br>— current | 49             | 3,000          | 4.11%                      | 3,000      | -    |

(iv) Marketable securities for which the accumulated purchase or sale amounts for the year exceed \$300 million or 20% of the paid-in capital: None.

(v) Acquisition of real estate which exceeds \$300 million or 20% of the paid-in capital: None.

(vi) Disposal of real estate which exceeds \$300 million or 20% of the paid-in capital: None.

(vii) Total purchases from and sales to related parties which exceed \$100 million or 20% of the paid-in capital: None.

(See accompanying notes to consolidated financial statements)

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(viii) Receivables from related parties which exceed \$100 million or 20% of the paid-in capital: None.

(ix) Transactions in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

| Number<br>(Note 1) | Company Name | Counter-Party | Relationship | Transaction Details |        |                   | Percentage of Consolidated Total Revenues or Total Assets (Note 3) |
|--------------------|--------------|---------------|--------------|---------------------|--------|-------------------|--|
|                    |              |               |              | Account<br>(Note 2) | Amount | Transaction Terms |  |
| 0                  | The Company  | Box UK        | Subsidiary   | Sales               | 43,818 | EOM 75            | 4.32%  |

Note 1: Parties to intercompany transactions are identified and numbered as follows:

1. "0" represents the Company.
2. Subsidiaries are numbered from "1"

Note 2: Intercompany relationships and significant intercompany transactions are disclosed only for the amounts that exceed 1% of consolidated revenue or total assets. The corresponding purchases and accounts payable are not disclosed.

Note 3: Based on the transaction amount divided by consolidated revenue or total assets.

Note 4: The above intercompany transactions have been eliminated when preparing the consolidated

(b) Information on investees:

The following is the information on investees for the three

-month periods ended March 31, 2024 (excluding information on investees in Mainland China):

| Investor             | Investee             | Location               | Main Businesses and Products  | Original Investment Amount |                       | Balance as of March 31, 2024 |                         |                       | Net Income (Loss) of the Investee | Investment Income (Loss) (Note 2) | Note (Note 1) |
|----------------------|----------------------|------------------------|---|----------------------------|-----------------------|------------------------------|-------------------------|-----------------------|-----------------------------------|-----------------------------------|---------------|
|                      |                      |                        |   | March 31, 2024             | December 31, 2023     | Shares                       | Percentage of Ownership | Carrying Value        |                                   |                                   |               |
| The Company          | Flytech USA BVI      | British Virgin Islands | Investment and holding activity   | 101,388                    | 101,388               | 3,000                        | 100.00%                 | 82,369                | 1,212                             | 1,212                             |               |
| The Company          | Flytech HK BVI       | British Virgin Islands | Investment and holding activity   | 10,392                     | 10,392                | 50                           | 100.00%                 | 199,668               | 4,118                             | 4,118                             |               |
| The Company          | Flytech CN BVI       | British Virgin Islands | Investment and holding activity   | 90,601                     | 90,601                | 200                          | 100.00%                 | 142,048               | 966                               | 966                               |               |
| The Company          | Fei Shiun Investment | Taiwan                 | Investment and holding activity   | 428,000                    | 428,000               | 19,000                       | 100.00%                 | 255,443               | (11,724)                          | (11,724)                          |               |
| The Company          | Inefi Holding        | Cayman Islands         | Investment and holding activity   | 245,076                    | 245,076               | 28,000                       | 100.00%                 | 178,369               | (10,633)                          | (10,633)                          |               |
| The Company          | Box Holdings         | United Kingdom         | Investment and holding activity   | 511,307                    | 511,307               | 4                            | 100.00%                 | 459,948               | (155)                             | (155)                             |               |
| Flytech USA BVI      | Flytech USA          | USA                    | Sale of computers and peripheral equipment  | 99,094<br>(USD3,072)       | 99,094<br>(USD3,072)  | 2,700                        | 100.00%                 | 81,309<br>(USD2,541)  | 1,212<br>(USD39)                  | -                                 |               |
| Flytech HK BVI       | Flytech HK           | Hong Kong              | Sale of computers and peripheral equipment  | 10,433<br>(USD298)         | 10,433<br>(USD298)    | 1,000                        | 100.00%                 | 200,593<br>(USD6,268) | 4,118<br>(USD131)                 | -                                 |               |
| Fei Shiun Investment | Berry AI             | Taiwan                 | Software and data processing services, and software and hardware integration services | 306,600                    | 306,600               | 21,000                       | 70.00%                  | 90,772                | (21,648)                          | -                                 |               |
| Fei Shiun Investment | TAC Dynamics         | Taiwan                 | Sale of machinery and equipment   | 18,000                     | 18,000                | 653                          | 18.91%                  | 14,980                | 16,907                            | -                                 |               |
| Box Holdings         | Box UK               | United Kingdom         | Sale of computers and peripheral equipment  | 472<br>(GBP10)             | 472<br>(GBP10)        | 10                           | 100.00%                 | 381,333<br>(GBP9,441) | (155)<br>(GBP4)                   | -                                 |               |
| Inefi Holding        | Inefi Incorporation  | Taiwan                 | Information software services to provide a unified endpoint management platform       | 230,000<br>(USD7,511)      | 230,000<br>(USD7,511) | 18,000                       | 100.00%                 | 166,471<br>(USD5,202) | (10,350)<br>(USD(329))            | -                                 |               |
| Berry AI             | Berry AI BVI         | British Virgin Islands | Investment and holding activity   | 30,000                     | 30,000                | 50                           | 100.00%                 | 13,279                | (2,650)                           | -                                 |               |
| Berry AI BVI         | Berry AI USA         | USA                    | Software and data processing services, and software and hardware integration services | 27,965<br>(USD1,000)       | 27,965<br>(USD1,000)  | 1,000                        | 100.00%                 | 10,939<br>(USD342)    | (2,650)<br>(USD(84))              | -                                 |               |

Note 1: The intercompany transactions have been eliminated when preparing the consolidated financial statements.

Note 2: Investment income (loss) included the movement in unrealized gross profit or loss.

(See accompanying notes to consolidated financial statements)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Information on investments in Mainland China:

(i) Information on investment in Mainland China:

(Amounts in Thousands of New Taiwan Dollar and US Dollar)

| Investee   | Main Businesses and Products               | Total Amount of Paid-in Capital | Method of Investment | Accumulated Outflow of Investment from Taiwan as of January 1, 2024 | Investment Flows |        | Accumulated Outflow of Investment from Taiwan as of March 31, 2024 | Net Income (Loss) of Investee | % of Ownership of Direct and Indirect Investment | Investment Income (Loss) | Carrying Value as of March 31, 2024 | Accumulated Inward Remittance of Earnings as of March 31, 2024 |
|------------|--|---------------------------------|----------------------|---|------------------|--------|--|-------------------------------|--|--------------------------|-------------------------------------|--|
|            |  |                                 |                      |   | Outflow          | Inflow |  |                               |  |                          |                                     |  |
| Flytech CN | Sale of computers and peripheral equipment | 69,089<br>(USD 2,000)           | (註一)                 | 69,089<br>(USD 2,000)   | -                | -      | 69,089<br>(USD 2,000)  | 812<br>(USD 26)               | 100%   | 812<br>(USD 26)          | 124,701<br>(USD 3,896)              | -  |

Note 1: Indirect investment in Mainland China through a holding company, Flytech CN BVI, was established in a third country

(ii) Limits on investment in Mainland China:

(Amounts in Thousands of New Taiwan Dollar and US Dollar)

| Accumulated investment in Mainland China as of March 31, 2024 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment Authorized by Investment Commission, MOEA |
|---|--|---|
| 90,767<br>(USD 2,700)   | 103,107<br>(USD 3,100)                                       | 2,944,987   |

(iii) Significant transactions with the investee in Mainland China: None.

(d) Major shareholders:

| Shareholder's Name | Shareholding | Shares     | Percentage |
|--------------------|--------------|------------|------------|
| Lam Tai Seng       |              | 16,423,263 | 11.47%     |
| Wang Wei Wei       |              | 11,040,443 | 7.71%      |

14. Segment information

The Group's operating segment information and reconciliation are as follows:

|                                  | For the three-month periods ended March 31, 2024 |                        |                 |                              |                  |
|----------------------------------|--|------------------------|-----------------|------------------------------|------------------|
|                                  | Domestic sale segment                            | Sale segment in Europe | Others          | Adjustments and eliminations | Total            |
| Revenues from external customers | \$ 846,226                                       | 127,286                | 39,841          | -                            | 1,013,353        |
| Intra-group revenue              | 56,139   | -                      | 805             | (56,944)                     | -                |
| Total segment revenue            | <u>\$ 902,365</u>                                | <u>127,286</u>         | <u>40,646</u>   | <u>(56,944)</u>              | <u>1,013,353</u> |
| Segment income before income tax | <u>\$ 282,107</u>                                | <u>(155)</u>           | <u>(37,291)</u> | <u>31,368</u>                | <u>276,029</u>   |
|                                  | For the three-month periods ended March 31, 2023 |                        |                 |                              |                  |
|                                  | Domestic sale segment                            | Sale segment in Europe | Others          | Adjustments and eliminations | Total            |
| Revenues from external customers | \$ 546,513                                       | 173,383                | 49,849          | -                            | 769,745          |
| Intra-group revenue              | 89,577   | -                      | -               | (89,577)                     | -                |
| Total segment revenue            | <u>\$ 636,090</u>                                | <u>173,383</u>         | <u>49,849</u>   | <u>(89,577)</u>              | <u>769,745</u>   |
| Segment income before income tax | <u>\$ 65,300</u>                                 | <u>14,016</u>          | <u>(32,975)</u> | <u>15,720</u>                | <u>62,061</u>    |

(See accompanying notes to consolidated financial statements)