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**Taiwan Sakura Corporation
Parent Company Only Financial Statements
With Independent Auditors' Report
For The Years Ended
31 December 2024 And 2023**

Address: No. 436, Section 4, Yatan Road, Daya District, Taichung City

Company phone number: (04) 25666106

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

Independent Auditors' Report

To Taiwan Sakura Corporation:

Opinion

We have audited the accompanying parent company only balance sheets of Taiwan Sakura Corporation (the “Company”) as of 31 December 2024 and 2023, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2024 and 2023, and notes to the parent company only financial statements, including the summary of material accounting policies (together “ the parent company only financial statements”).

In our opinion, based on our audits and the reports of the other auditors (please refer to the Other Matter – Making Reference to the Audits of Other Auditors section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the parent company as of 31 December 2024 and 2023, and their financial performance and cash flows for the years ended 31 December 2024 and 2023, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2024 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

The Company recognized operating revenue of NT\$8,721,123 thousand in 2024. The main products are gas cookers, water heaters and kitchen appliances. The main trading partners of the Company are dealers and retailers. The transactions are frequent and of great volume, and the number of contract types is numerous. The judgement and decision on the performance obligation and the time of satisfaction are important to the parent company only financial statements. Therefore, we determined it as a key audit matter. Our audit procedures include, but are not limited to, understanding and testing of the effectiveness of the parent company's internal control related to revenue recognition in the sales cycle; selecting samples to perform test of details of transactions and reviewing the revenue recognition requirements in the orders or contracts to meet the performance obligations; verifying the significant terms and conditions and checking the relevant supporting documents to confirm the accuracy of the timing to transfer commodity rights; examining the relevant supporting documents of the revenue transaction for a period of time before and after the balance sheet date to determine the revenue recognized at the appropriate timing. We also considered the appropriateness of the disclosure of operating revenue in Note 6 of the parent company only financial statements.

Other Matter – Making Reference to the Audits of Other Auditors

The financial statements of some of the investee companies included in the parent company only financial statements were not audited by us, the independent accountant, but by other accountants. Therefore, our opinion expressed herein and the amounts listed in the parent company only financial statements of the investee companies are based solely on the audit reports of other auditors. The investments in the investee companies accounted for using the equity method as of 31 December 2024 and 2023 amounted to NT\$1,114,163 thousand and NT\$1,087,985 thousand, respectively, accounting for 10% and 11% of the total assets, respectively. For the years ended 31 December 2024 and 2023, the shares of profit and loss of subsidiaries, affiliates and joint ventures recognized by the equity method amounted to NT\$70,874 thousand and NT\$91,606 thousand, respectively, accounting for 4% and 7% of the net income before tax, respectively. For the years ended 31 December 2024 and 2023, the shares of other comprehensive income of subsidiaries, affiliates and joint ventures recognized by the equity method amounted to NT\$43,429 thousand and NT\$(14,066) thousand, respectively, accounting for 43% and (26)% of the other comprehensive income, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Huang, Yu-Ting

Huang, Tzu-Ping

Ernst & Young, Taiwan
11 March 2025

Notes to Readers

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

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

Taiwan Sakura Corporation
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

| Assets | Notes | As of | | | |
|---|-----------------|---------------------|------------|--------------------|------------|
| | | 31 December 2024 | | 31 December 2023 | |
| | | Amount | % | Amount | % |
| Current assets | | | | | |
| Cash and cash equivalents | 4, 6(1) | \$1,701,704 | 17 | \$1,593,521 | 17 |
| Contract assets, current | 4, 6(17),(18) | 258,194 | 3 | 224,779 | 3 |
| Notes receivable, net | 4, 6(2),(18) | 150,731 | 1 | 139,366 | 1 |
| Accounts receivable, net | 4, 6(2),(18), 7 | 1,013,732 | 10 | 1,056,696 | 12 |
| Inventories | 4, 6(3) | 1,538,294 | 15 | 1,201,678 | 13 |
| Prepayment | 4, 6(4) | 132,641 | 1 | 79,248 | 1 |
| Other current assets | | 85,229 | 1 | 8,737 | - |
| Total current assets | | 4,880,525 | 48 | 4,304,025 | 47 |
| Non-current assets | | | | | |
| Financial assets measured at fair value through other comprehensive income, non-current | 4, 6(5) | 132,808 | 1 | 107,531 | 1 |
| Investment accounted for using equity method | 4, 6(6) | 2,424,351 | 24 | 2,310,502 | 26 |
| Property, plant and equipment | 4, 6(7), 8 | 2,108,626 | 21 | 1,930,220 | 21 |
| Right-of-use assets | 4, 6(19) | 244,860 | 2 | 153,305 | 2 |
| Investment property, net | 4, 6(8), 8 | 200,140 | 2 | 190,814 | 2 |
| Intangible assets | 4, 6(9) | 30,332 | - | 18,220 | - |
| Deferred income tax assets | 4, 6(23) | 28,045 | - | 27,005 | - |
| Prepayments for equipment | | 25,175 | - | 16,097 | - |
| Other non-current assets | 4, 6(10) | 178,346 | 2 | 109,816 | 1 |
| Total non-current assets | | 5,372,683 | 52 | 4,863,510 | 53 |
| Total assets | | \$10,253,208 | 100 | \$9,167,535 | 100 |

(The accompanying notes are an integral part of the parent company only financial statements.)

(continued)

Taiwan Sakura Corporation
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

| Liabilities and Equity | Notes | As of | | | |
|--|------------|---------------------|------------|--------------------|------------|
| | | 31 December 2024 | | 31 December 2023 | |
| | | Amount | % | Amount | % |
| Current liabilities | | | | | |
| Short-term loans | 4, 6(11) | \$4,750 | - | \$602 | - |
| Contract liabilities, current | 4, 6(17) | 239,386 | 2 | 193,684 | 2 |
| Notes payable | | 59 | - | 890 | - |
| Accounts payable | 7 | 1,564,013 | 15 | 1,504,381 | 16 |
| Other payables | 6(12),(14) | 935,404 | 9 | 732,329 | 8 |
| Current income tax liabilities | | 171,739 | 2 | 252,964 | 3 |
| Leased liabilities, current | 4, 6(19) | 65,173 | 1 | 52,586 | 1 |
| Long-term loans payable, current portion | 4, 6(13) | 8,000 | - | 8,000 | - |
| Other current liabilities | 4, 6(15) | 53,107 | 1 | 39,747 | 1 |
| Total current liabilities | | 3,041,631 | 30 | 2,785,183 | 31 |
| Non-current liabilities | | | | | |
| Long-term loans | 4, 6(13) | 304,000 | 3 | 112,000 | 1 |
| Deferred income tax liabilities | 4, 6(23) | 61,463 | 1 | 43,994 | - |
| Leased liabilities, non-current | 4, 6(19) | 234,496 | 2 | 160,671 | 2 |
| Net defined benefit liability, non-current | 4, 6(14) | 13,143 | - | 24,712 | - |
| Other non-current liabilities | 6(15) | 58,521 | - | 55,303 | 1 |
| Total non-current liabilities | | 671,623 | 6 | 396,680 | 4 |
| Total liabilities | | 3,713,254 | 36 | 3,181,863 | 35 |
| Equity attributable to owners of parent | 4, 6(16) | | | | |
| Capital | | | | | |
| Common stock | | 2,211,212 | 22 | 2,211,212 | 24 |
| Additional paid-in capital | | 141,154 | 1 | 131,074 | 1 |
| Retained earnings | | | | | |
| Legal reserve | | 1,047,021 | 10 | 939,528 | 10 |
| Special reserve | | 115,799 | 1 | 115,799 | 1 |
| Unappropriated earnings | | 2,930,069 | 29 | 2,585,864 | 28 |
| Total retained earnings | | 4,092,889 | 40 | 3,641,191 | 39 |
| Other components of equity | | | | | |
| Exchange differences on translation of foreign operations | | (77,905) | (1) | (126,385) | (1) |
| Unrealised gains or losses from financial assets measured at fair value through other comprehensive income | | 193,852 | 2 | 149,828 | 2 |
| Total other components of equity | | 115,947 | 1 | 23,443 | 1 |
| Treasury stock | | (21,248) | - | (21,248) | - |
| Total equity | | 6,539,954 | 64 | 5,985,672 | 65 |
| Total liabilities and equity | | \$10,253,208 | 100 | \$9,167,535 | 100 |

(The accompanying notes are an integral part of the parent company only financial statements.)

Taiwan Sakura Corporation
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

| | Notes | For the years ended 31 December | | | |
|--|-----------------|---------------------------------|------|-------------|------|
| | | 2024 | | 2023 | |
| | | Amount | % | Amount | % |
| Operating revenues | 4, 6(17), 7 | \$8,721,123 | 100 | \$7,590,743 | 100 |
| Operating costs | 6(3),(20), 7 | (5,783,866) | (66) | (5,081,915) | (67) |
| Gross profit | | 2,937,257 | 34 | 2,508,828 | 33 |
| Unrealized profit on sales | | (2,032) | - | (1,459) | - |
| Realized profit on sales | | 1,459 | - | 2,319 | - |
| Gross profit, net | | 2,936,684 | 34 | 2,509,688 | 33 |
| Operating expenses | 6(18),(19),(20) | | | | |
| Selling and marketing expenses | | (1,180,328) | (14) | (941,164) | (12) |
| Management and administrative expenses | | (316,062) | (4) | (305,640) | (4) |
| Research and development expenses | | (91,432) | (1) | (83,206) | (1) |
| Expected credit (losses) gains | | (2,633) | - | 156 | - |
| Total operating expenses | | (1,590,455) | (19) | (1,329,854) | (17) |
| Operating income | | 1,346,229 | 15 | 1,179,834 | 16 |
| Non-operating income and expenses | 6(19),(21) | | | | |
| Interest income | | 10,333 | - | 6,727 | - |
| Other income | | 30,648 | - | 31,751 | - |
| Other gains and losses | | 22,069 | - | (6,992) | - |
| Finance costs | | (6,413) | - | (3,265) | - |
| Share of profit of subsidiaries, associates and joint ventures accounted for using equity method | 6(6) | 203,763 | 3 | 131,235 | 2 |
| Total non-operating income and expenses | | 260,400 | 3 | 159,456 | 2 |
| Income from continuing operations before income tax | | 1,606,629 | 18 | 1,339,290 | 18 |
| Income tax expense | 6(23) | (305,955) | (3) | (267,086) | (4) |
| Income from continuing operations, net of tax | | 1,300,674 | 15 | 1,072,204 | 14 |
| Total other comprehensive income | 6(6),(22) | | | | |
| Item that may not be reclassified subsequently to profit or loss | | | | | |
| Remeasurements of defined benefit plans | | 11,218 | - | 3,401 | - |
| Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | | 44,024 | 1 | 70,281 | 1 |
| Income tax related to items that may not be reclassified subsequently to profit or loss | | (2,244) | - | (680) | - |
| Items that may be reclassified subsequently to profit or loss | | | | | |
| Exchange differences on translation of foreign operations | | 17,171 | - | (8,843) | - |
| Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss | | 43,429 | - | (14,066) | - |
| Income tax related to items that may be reclassified subsequently to profit or loss | | (12,120) | - | 4,581 | - |
| Total other comprehensive income, net of tax | | 101,478 | 1 | 54,674 | 1 |
| Total comprehensive income | | \$1,402,152 | 16 | \$1,126,878 | 15 |
| Earnings per share (NT\$) | 6(24) | | | | |
| Earnings per share-basic | | \$5.94 | | \$4.90 | |
| Earnings per share-diluted | | \$5.92 | | \$4.88 | |

(The accompanying notes are an integral part of the parent company only financial statements.)

Taiwan Sakura Corporation
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

| | Notes | Retained earnings | | | | Other components of equity | | | | Total Equity |
|---|---------|-------------------|----------------------------|---------------|-----------------|----------------------------|---|--|----------------|--------------|
| | | Common Stock | Additional Paid-in Capital | Legal Reserve | Special Reserve | Unappropriated Earnings | Exchange Differences on Translation of Foreign Operations | Unrealized Gains or Losses on Financial Assets Measured at Fair Value through Other Comprehensive Income | Treasury Stock | |
| Balance as of 1 January 2023 | | \$2,211,212 | \$121,350 | \$830,964 | \$115,799 | \$2,437,651 | \$(108,057) | \$79,547 | \$(21,248) | \$5,667,218 |
| Appropriation of earnings, 2022 | | | | | | | | | | |
| Legal reserve | | | | 108,564 | | (108,564) | | | | - |
| Cash dividends | | | | | | (818,148) | | | | (818,148) |
| Donation from shareholders | | | 1,166 | | | | | | | 1,166 |
| Net income in 2023 | | | | | | 1,072,204 | | | | 1,072,204 |
| Other comprehensive income (loss), net of income tax in 2023 | | | | | | 2,721 | (18,328) | 70,281 | | 54,674 |
| Total comprehensive income (loss) | | - | - | - | - | 1,074,925 | (18,328) | 70,281 | - | 1,126,878 |
| Adjustment due to dividends subsidiaries received from parent company | | | 8,558 | | | | | | | 8,558 |
| Balance as of 31 December 2023 | 4,6(16) | \$2,211,212 | \$131,074 | \$939,528 | \$115,799 | \$2,585,864 | \$(126,385) | \$149,828 | \$(21,248) | \$5,985,672 |
| Balance as of 1 January 2024 | | \$2,211,212 | \$131,074 | \$939,528 | \$115,799 | \$2,585,864 | \$(126,385) | \$149,828 | \$(21,248) | \$5,985,672 |
| Appropriation of earnings, 2023 | | | | | | | | | | |
| Legal reserve | | | | 107,493 | | (107,493) | | | | - |
| Cash dividends | | | | | | (857,950) | | | | (857,950) |
| Donation from shareholders | | | 1,106 | | | | | | | 1,106 |
| Net income in 2024 | | | | | | 1,300,674 | | | | 1,300,674 |
| Other comprehensive income (loss), net of income tax in 2024 | | | | | | 8,974 | 48,480 | 44,024 | | 101,478 |
| Total comprehensive income (loss) | | - | - | - | - | 1,309,648 | 48,480 | 44,024 | - | 1,402,152 |
| Adjustment due to dividends subsidiaries received from parent company | | | 8,974 | | | | | | | 8,974 |
| Balance as of 31 December 2024 | 4,6(16) | \$2,211,212 | \$141,154 | \$1,047,021 | \$115,799 | \$2,930,069 | \$(77,905) | \$193,852 | \$(21,248) | \$6,539,954 |

(The accompanying notes are an integral part of the parent company only financial statements.)

Taiwan Sakura Corporation
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended 31 December 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

| | For the years ended 31 December | |
|---|---------------------------------|------------------|
| | 2024 | 2023 |
| Cash flows from operating activities: | | |
| Net income before tax | \$1,606,629 | \$1,339,290 |
| Adjustments: | | |
| Adjustments to reconcile net income: | | |
| Depreciation | 129,709 | 117,007 |
| Amortization | 31,653 | 25,020 |
| Expected credit losses (gains) | 2,633 | (156) |
| Interest expense | 6,413 | 3,265 |
| Interest income | (10,333) | (6,727) |
| Dividend income | (2,086) | (1,642) |
| Share of profit of subsidiaries associates and joint ventures accounted for using equity method | (203,763) | (131,235) |
| Loss on disposal and retirement of property, plant and equipment | 351 | 6,813 |
| Gain on disposal of investment | (215) | (338) |
| Provision for inventory market price decline | 5,620 | 10,749 |
| Reversal of impairment loss on non-financial assets | (11,127) | - |
| Realized loss (gain) on inter-affiliate accounts | 573 | (860) |
| Gain from lease modification | (66) | - |
| Changes in operating assets and liabilities: | | |
| Increase in contract assets | (33,822) | (41,502) |
| Increase in notes receivable | (11,365) | (28,734) |
| Decrease (Increase) in accounts receivable | 40,634 | (57,161) |
| Increase in inventories | (342,236) | (168,053) |
| Increase in prepayment | (53,393) | (37,229) |
| Decrease in other current assets | 1,673 | 1,489 |
| Increase in other non-current assets | (12,721) | (15,660) |
| Increase in contract liabilities | 45,702 | 83,372 |
| Decrease in notes payable | (831) | (5,542) |
| Increase in accounts payable | 59,632 | 175,532 |
| Increase in other payables | 203,105 | 98,820 |
| Increase (Decrease) in other current liabilities | 13,360 | (3,676) |
| Decrease in net defined benefit liabilities | (1,156) | (632) |
| Increase in other non-current liabilities | 3,155 | 4,529 |
| Cash generated from operations | <u>1,467,728</u> | <u>1,366,739</u> |
| Interest received | 9,809 | 7,174 |
| Dividend received | 2,086 | 1,642 |
| Income tax paid | <u>(376,340)</u> | <u>(229,698)</u> |
| Net cash provided by operating activities | <u>1,103,283</u> | <u>1,145,857</u> |

(The accompanying notes are an integral part of the parent company only financial statements.)

(continued)

Taiwan Sakura Corporation
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended 31 December 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

| | For the years ended 31 December | |
|--|---------------------------------|--------------------|
| | 2024 | 2023 |
| (Continued) | | |
| Cash flows from investing activities: | | |
| Acquisition of financial assets measured at fair value through profit or loss | (50,000) | (150,000) |
| Proceeds from disposal of financial assets measured at fair value through profit | 50,215 | 150,338 |
| Increase in prepayment for investments (booked under other non-current assets) | (72,226) | - |
| Acquisition of property, plant and equipment | (242,225) | (230,135) |
| Proceeds from disposal of property, plant and equipment | - | 350 |
| Increase in refundable deposits | (5,366) | (1,388) |
| Decrease in refundable deposits | 1,625 | 1,205 |
| Increase in intangible assets | (18,878) | (11,217) |
| Increase in prepayment for equipment | (23,341) | (1,853) |
| Dividends distributed by investment accounted for using equity method | 92,155 | 104,370 |
| Net cash used in investing activities | (268,041) | (138,330) |
| Cash flows from financing activities: | | |
| Increase in short-term loans | 219,415 | 201,802 |
| Decrease in short-term loans | (215,267) | (204,338) |
| Increase in long-term loans | 200,000 | 120,000 |
| Decrease in long-term loans | (8,000) | - |
| Increase in guaranteed deposits received | 63 | - |
| Lease principal repayment | (63,051) | (54,936) |
| Cash dividend distribution | (857,950) | (818,148) |
| Interest paid | (3,375) | (598) |
| Capital surplus due to donation from shareholders | 1,106 | 1,166 |
| Net cash used in financing activities | (727,059) | (755,052) |
| Net increase in cash and cash equivalents | 108,183 | 252,475 |
| Cash and cash equivalents at beginning of period | 1,593,521 | 1,341,046 |
| Cash and cash equivalents at end of period | \$1,701,704 | \$1,593,521 |

(The accompanying notes are an integral part of the parent company only financial statements.)

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements

FOR THE YEARS ENDED
31 DECEMBER 2024 AND 2023

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. COMPANY HISTORY

Taiwan Sakura Corporation (“the Company”) was established on 20 October 1988. It mainly manufactures and sells gas cookers, water heaters, kitchen appliances, furniture, building materials, metal hardware parts, sports equipment, electric hand tools, sanitary equipment and whole bathroom. In the year of 1992, the company's stock was approved by the authority to be traded on the Taiwan Stock Exchange. It was officially listed on 16 July 1992. Its registered location and main operations are located at No. 436, Section 4, Yatan Road, Daya District, Taichung City.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The parent company only financial statements of the Company for the years ended 31 December 2024 and 2023 were authorized for issue in accordance with the resolution of the Board of Directors’ meeting on 11 March 2025.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

- (1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2024. The adoption of these new standards and amendments had no material impact on the Company.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which have been endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

| Items | New, Revised or Amended Standards and Interpretations | Effective Date issued by IASB |
|-------|---|-------------------------------|
| a | Lack of Exchangeability – Amendments to IAS 21 | 1 January 2025 |

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(a) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

The abovementioned amendments are applicable for annual periods beginning on or after 1 January 2025 and have no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by IASB which have not been endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

| Items | New, Revised or Amended Standards and Interpretations | Effective Date issued by IASB |
|-------|--|-------------------------------|
| a | IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures | To be determined by IASB |
| b | IFRS 17 “Insurance Contracts” | 1 January 2023 |
| c | IFRS 18 “Presentation and Disclosure in Financial Statements” | 1 January 2027 |
| d | Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19) | 1 January 2027 |
| e | Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 | 1 January 2026 |
| f | Annual Improvements to IFRS Accounting Standards – Volume 11 | 1 January 2026 |
| g | Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 | 1 January 2026 |

- (a) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

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The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017, and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

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(c) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes are as below:

A. Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.

B. Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

C. Useful grouping of information in the financial statements

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

(d) Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This standard permits subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

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Notes to Parent Company Only Financial Statements (continued)
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(e) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments include:

- A. Clarify that a financial liability is derecognised on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
- B. Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- C. Clarify the treatment of non-recourse assets and contractually linked instruments.
- D. Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

(f) Annual Improvements to IFRS Accounting Standards – Volume 11

A. Amendments to IFRS 1

The amendments mainly improve the consistency in wording between first-time adoption of IFRS and requirements for hedge accounting in IFRS 9.

B. Amendments to IFRS 7

The amendments update an obsolete cross-reference relating to gain or loss on derecognition.

C. Amendments to Guidance on implementing IFRS 7

The amendments improve some of the wordings in the implementation guidance, including the introduction, disclosure of deferred difference between fair value and transaction price and credit risk disclosures.

D. Amendments to IFRS 9

The amendments add a cross-reference to resolve potential confusion for a lessee applying the derecognition requirements and clarify the term “transaction price”.

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E. Amendments to IFRS 10

The amendments remove the inconsistency between paragraphs B73 and B74 of IFRS 10.

F. Amendments to IAS 7

The amendments remove a reference to “cost method” in paragraph 37 of IAS 7.

(g) Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

The amendments include:

- A. Clarify the application of the ‘own-use’ requirements.
- B. Permit hedge accounting if these contracts are used as hedging instruments.
- C. Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the new or amended standards and interpretations listed under (3), it is not practicable to estimate their impact on the Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

(1) Statement of Compliance

The parent company only financial statements of the Company for the years ended 31 December 2024 and 2023 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

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(2) Basis of Preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, investment in subsidiaries was presented in the parent company only financial statements as “Investments accounted for using equity method” and made necessary adjustments.

The parent company only financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair values. The parent company only financial statements are expressed in thousands of New Taiwan Dollars (“\$”) unless otherwise stated.

(3) Foreign Currency Transactions

The parent company only financial statements are presented in New Taiwan Dollars (\$), which is also the Company’s functional currency.

Transactions in foreign currencies are initially recorded by the Company entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of foreign currency financial statements

Each foreign operations of the Company determines its own functional currency and items included in the financial statements of each foreign operation are measured using that functional currency. When preparing the parent company only financial statements, the assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. When the partial disposal involves the loss of control of a subsidiary that includes a foreign operation or the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation, the partial disposals are also accounted for as disposals.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

- (a) The Company expects to realize the asset or intends to sell or consume it during its normal operating cycle.
- (b) The Company holds the asset primarily for the purpose of trading.
- (c) The Company expects to realize the asset within twelve months after the reporting period.
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

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A liability is classified as current when:

- (a) The Company expects to settle the liability in its normal operating cycle.
- (b) The Company holds the liability primarily for the purpose of trading.
- (c) The liability is due to be settled within twelve months after the reporting period.
- (d) The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

(6) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short term, highly liquid time deposits or investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

(7) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

(a) Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- A. the Company's business model for managing the financial assets and
- B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables and other receivables etc., on balance sheet as of the reporting date:

- A. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- A. purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (1) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (2) When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

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- (3) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
1. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 2. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

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The Company measures expected credit losses of a financial instrument in a way that reflects:

- A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- B. the time value of money; and
- C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

- A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- D. For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(c) Derecognition of financial assets

A financial asset is derecognized when:

- A. The rights to receive cash flows from the asset have expired
- B. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- C. The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

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(d) Financial liabilities

Classification between liabilities

The Company classifies the instrument issued as a financial liability in accordance with the substance of the contractual arrangement and the definitions of a financial liability.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

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(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials and commodity inventory - usually priced at standard cost, adjusted to the actual cost at the settlement date.

Finished goods and work in progress - including direct materials, direct labor and manufacturing costs. Fixed manufacturing costs are apportioned at normal capacity. In-process products and finished products are usually priced at standard cost and are adjusted to the actual cost at the settlement date.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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(10) Investments accounted for under the equity method

The Company prepared the parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments. The adjustments took into consideration how the subsidiaries should be accounted for in accordance with IFRS 10 and the different extent to each reporting entity IFRS applies. The adjustments are made by debiting or crediting “Investments accounted for under the equity method”, “share of profit or loss of associates and joint ventures accounted for under equity method”, and “share of other comprehensive income of associates and joint ventures accounted for using the equity method”.

The Company’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company’s share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company’s related interest in the associate.

When changes in the net assets of an associate or an investment in a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company’s percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a pro rata basis.

When the associate or an investment in a joint venture issues new stock, and the Company’s interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in additional paid in capital and investment accounted for using the equity method. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the of associate or an investment in a joint venture.

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The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

- (a) its share of the present value of the estimated future cash flows expected to be generated by the associate or an investment in a joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (b) the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

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Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

| Item | Useful years |
|--------------------------|--------------|
| Buildings | 4~51 years |
| Machinery equipment | 8~11 years |
| Mold equipment | 2~3 years |
| Transportation equipment | 6~16 years |
| Office equipment | 4~8 years |
| Other equipment | 3~11 years |

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(12) Investment property

The Company's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

| Item | Useful years |
|-----------|--------------|
| Buildings | 3~56 years |

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Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Company transfers properties to or from investment properties according to the actual use of the properties.

The Company transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(13) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;
- (c) Amounts expected to be payable by the lessee under residual value guarantees;
- (d) The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) The amount of the initial measurement of the lease liability;
- (b) Any lease payments made at or before the commencement date, less any lease incentives received;
- (c) Any initial direct costs incurred by the lessee; and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company applies IAS 36 *Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Patents

The patents have been granted for a period of 10 years by the relevant government agency.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3 to 5 years).

Trademark rights

Trademark rights are amortized using the straight-line method over the 10-year period of validity.

A summary of the accounting policies applied to the Company's intangible assets is as follows:

| | <u>Patent rights</u> | <u>Computer software</u> | <u>Trademark rights</u> |
|---|--|--|--|
| Useful lives | Finite | Finite | Finite |
| Amortization method used | Amortized on a straight-line basis over the period of the patent | Amortized on a straight- line basis over the estimated useful life | Amortized on a straight- line basis over the estimated useful life |
| Internally generated or externally acquired | Acquired | Acquired | Acquired |

(15) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
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For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited to the extent that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time.

Provision for warranties

Warranty provisions are estimated based on management's best estimate of future economic benefits due to warranty obligations (based on historical warranty experience).

(17) Treasury shares

The Company's own equity instruments which are reacquired (treasury shares) by the Company are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(18) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

Sale of goods

The Company manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers (i.e. when the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from the goods). The main product of the Company is gas cooker, water heaters, kitchen appliances, etc., and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. The Company estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The Company provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted for in accordance with IAS 37.

The credit period of the Company's sale of goods is from 30 to 90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities. The period between the transfers of contract liabilities to revenue is usually within one year; thus, no significant financing component arose.

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(19) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(20) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(21) Post-employment benefits plans

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- (a) the date of the plan amendment or curtailment, and
- (b) the date that the Company recognizes restructuring-related costs or termination benefits

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(22) Income tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current income tax and deferred income tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred income tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

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Notes to Parent Company Only Financial Statements (continued)
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- (a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- (b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company's parent company only financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(1) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

(2) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for unrecognized deferred tax assets.

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Notes to Parent Company Only Financial Statements (continued)
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(3) Accounts receivable – estimation of impairment loss

The Company estimates the impairment loss of accounts receivable at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that are expected to be received (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(4) Inventory valuation

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

| | 31 Dec. 2024 | 31 Dec. 2023 |
|--|--------------------|--------------------|
| Demand deposits | \$1,453,728 | \$1,517,459 |
| Time deposits with original maturities of three months or less | 247,085 | 75,066 |
| Cash on hand | 891 | 996 |
| Total | <u>\$1,701,704</u> | <u>\$1,593,521</u> |

The Company's Time deposits were not pledged.

(2) Notes receivable and accounts receivable

| | 31 Dec. 2024 | 31 Dec. 2023 |
|---|--------------------|--------------------|
| Notes receivable | \$150,731 | \$139,366 |
| Less: loss allowance | - | - |
| Notes receivable, net | <u>150,731</u> | <u>139,366</u> |
| Accounts receivable | 963,384 | 987,176 |
| Accounts receivable from related parties | 44,129 | 63,397 |
| Less: loss allowance | (127) | - |
| Subtotal | <u>1,007,386</u> | <u>1,050,573</u> |
| Finance lease receivable due from related parties | 6,955 | 6,813 |
| Less: unearned finance income on finance lease due from related parties | (609) | (690) |
| Subtotal | <u>6,346</u> | <u>6,123</u> |
| Accounts receivable, net | <u>1,013,732</u> | <u>1,056,696</u> |
| Total | <u>\$1,164,463</u> | <u>\$1,196,062</u> |

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
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Notes receivable and accounts receivable are generally on 30-90 day terms. The total carrying amount, including notes receivable and accounts receivable, as of 31 December 2024 and 2023 were \$1,164,590 thousand and \$1,196,062 thousand, respectively. The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(18) for more details on loss allowance of accounts receivable for the periods ended 31 December 2024 and 2023. Please refer to Note 12 for more details on credit risk management.

Please refer to Note 6(19) for more details on finance lease receivable on buildings signed by the Company.

The Company's notes receivable and accounts receivables were not pledged.

(3) Inventories

| | <u>31 Dec. 2024</u> | <u>31 Dec. 2023</u> |
|---------------------|---------------------|---------------------|
| Work in progress | \$557,387 | \$252,828 |
| Raw materials | 411,198 | 339,152 |
| Commodity inventory | 288,677 | 293,953 |
| Finished goods | 281,032 | 315,745 |
| Total | <u>\$1,538,294</u> | <u>\$1,201,678</u> |

The cost of inventories recognized in operating costs in 2024 and 2023 from 1 January to 31 December amounted to \$5,783,866 thousand and \$5,081,915 thousand, respectively. The inventory-related loss and net income recognized in 2024 and 2023 were as follows:

| | <u>2024</u> | <u>2023</u> |
|-----------------------------|-------------------|-------------------|
| Revenue from sale of scraps | \$3,669 | \$3,502 |
| Loss on physical inventory | (553) | (835) |
| Inventory valuation loss | (5,620) | (10,749) |
| Obsolete inventory | (8,631) | (10,694) |
| Net | <u>\$(11,135)</u> | <u>\$(18,776)</u> |

No inventories above were pledged.

(4) Prepayments

| | <u>31 Dec. 2024</u> | <u>31 Dec. 2023</u> |
|---------------------------|---------------------|---------------------|
| Prepayments for purchases | \$59,735 | \$48,767 |
| Other prepayments | 72,906 | 30,481 |
| Total | <u>\$132,641</u> | <u>\$79,248</u> |

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
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(5) Financial assets measured at fair value through other comprehensive income

| | 31 Dec. 2024 | 31 Dec. 2023 |
|---|--------------|--------------|
| Equity instrument investments designated at fair value through other comprehensive income, non-current: | | |
| Listed stocks | \$118,811 | \$93,534 |
| Unlisted stocks | 13,997 | 13,997 |
| Total | \$132,808 | \$107,531 |

The financial assets measured at fair value through other comprehensive income were not pledged.

(6) Investments accounted for using the equity method

(a) The details of the investment of the Company using the equity method are as follows:

| Investees | 31 Dec. 2024 | | 31 Dec. 2023 | |
|---|--------------|----------------|--------------|----------------|
| | Amount | % of ownership | Amount | % of ownership |
| Investment in subsidiaries: | | | | |
| Sakura Enterprise (B.V.I.) Ltd. | \$1,750,598 | 100.00% | \$1,671,745 | 100.00% |
| Svago International Corporation | 297,272 | 100.00% | 270,096 | 100.00% |
| SAKURA PAN PACIFIC HOLDINGS (SINGAPORE) PTE. LTD. | 88,696 | 100.00% | 96,390 | 100.00% |
| SAKURA Home Collection Co., Ltd. | 67,561 | 100.00% | 53,371 | 100.00% |
| Subtotal | 2,204,127 | | 2,091,602 | |
| Investment in associates: | | | | |
| PUDA Industrial Co., Ltd. | 220,224 | 43.19% | 218,900 | 43.19% |
| Total | \$2,424,351 | | \$2,310,502 | |

The investment on subsidiary's parent company only financial report is expressed as “investment using the equity method” and is evaluated as necessary.

(b) The investment benefit and conversion adjustments recognized by the equity method in the financial statements audited by the investee company in 2024 and 2023 are as follows:

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| | 2024 | | 2023 | |
|---|---|--|---|--|
| | Share of profit or loss of subsidiaries associates and joint ventures | Exchange differences resulting from translation of the financial statements | Share of profit or loss of subsidiaries associates and joint ventures | Exchange differences resulting from translation of the financial statements |
| Investees | | | | |
| Investment in subsidiaries: | | | | |
| Sakura Enterprise (B.V.I.) Ltd. | \$104,405 | \$60,600 | \$93,250 | \$(22,909) |
| Svago International Corporation | 72,982 | - | 72,374 | - |
| SAKURA Home Collection Co., Ltd. | 14,190 | - | (54,296) | - |
| SAKURA PAN PACIFIC HOLDINGS (SINGAPORE) PTE. LTD. | (7,694) | - | (4,480) | - |
| Subtotal | 183,883 | 60,600 | 106,848 | (22,909) |
| Investment in associates: | | | | |
| PUDA Industrial Co., Ltd. | 19,880 | - | 24,387 | - |
| Total | <u>\$203,763</u> | <u>\$60,600</u> | <u>\$131,235</u> | <u>\$(22,909)</u> |

(c) The investment in associates mentioned above were not pledged.

(d) The Company's investment in PUDA Industrial Co., Ltd. was immaterial to the Company. The aggregated financial information of the Company's shares of investment in PUDA Industrial Co., Ltd. is listed as follows:

| | 2024 | 2023 |
|--|-----------------|-----------------|
| Profit from continuing operations | \$19,880 | \$24,387 |
| Other comprehensive income, net of tax | 645 | (802) |
| Total comprehensive income | <u>\$20,525</u> | <u>\$23,585</u> |

The investment in associates mentioned above did not have contingent liabilities or capital commitments as of 31 December 2024 and 2023, and no pledge was provided.

(7) Property, plant and equipment

| | 31 Dec. 2024 | 31 Dec. 2023 |
|--|--------------------|--------------------|
| Owner occupied property, plant and equipment | <u>\$2,108,626</u> | <u>\$1,930,220</u> |

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(a) Owner occupied property, plant and equipment

| | Land | Buildings | Machinery equipment | Mold equipment | Transportation equipment | Office equipment | Other equipment | Construction in progress and equipment under installation | Total |
|------------------------------|--------------------|------------------|------------------------|-------------------|-----------------------------|---------------------|--------------------|--|--------------------|
| Cost: | | | | | | | | | |
| 1 Jan. 2024 | \$1,314,864 | \$426,940 | \$245,938 | \$61,314 | \$24,812 | \$16,332 | \$65,687 | \$174,859 | \$2,330,746 |
| Additions | 3,410 | 2,772 | 9,862 | 16,612 | 6,987 | 1,705 | 7,293 | 193,584 | 242,225 |
| Disposals | - | - | (4,490) | - | (588) | (28) | - | - | (5,106) |
| Other changes | 10,832 | - | 6,652 | 2,783 | - | - | 99 | (10,832) | 9,534 |
| 31 Dec. 2024 | <u>\$1,329,106</u> | <u>\$429,712</u> | <u>\$257,962</u> | <u>\$80,709</u> | <u>\$31,211</u> | <u>\$18,009</u> | <u>\$73,079</u> | <u>\$357,611</u> | <u>\$2,577,399</u> |
| Depreciation and impairment: | | | | | | | | | |
| 1 Jan. 2024 | \$- | \$196,425 | \$121,820 | \$35,893 | \$13,926 | \$7,903 | \$24,559 | \$- | \$400,526 |
| Depreciation | - | 13,532 | 27,800 | 15,160 | 4,195 | 3,524 | 8,791 | - | 73,002 |
| Disposals | - | - | (4,490) | - | (237) | (28) | - | - | (4,755) |
| 31 Dec. 2024 | <u>\$-</u> | <u>\$209,957</u> | <u>\$145,130</u> | <u>\$51,053</u> | <u>\$17,884</u> | <u>\$11,399</u> | <u>\$33,350</u> | <u>\$-</u> | <u>\$468,773</u> |
| Cost: | | | | | | | | | |
| 1 Jan. 2023 | \$1,314,864 | \$583,848 | \$304,109 | \$170,803 | \$58,645 | \$43,881 | \$77,275 | \$15,171 | \$2,568,596 |
| Additions | - | 2,383 | 15,326 | 16,398 | 1,642 | 3,622 | 25,655 | 165,109 | 230,135 |
| Disposals | - | (159,681) | (86,262) | (133,484) | (36,775) | (31,171) | (39,679) | (3,566) | (490,618) |
| Other changes | - | 390 | 12,765 | 7,597 | 1,300 | - | 2,436 | (1,855) | 22,633 |
| 31 Dec. 2023 | <u>\$1,314,864</u> | <u>\$426,940</u> | <u>\$245,938</u> | <u>\$61,314</u> | <u>\$24,812</u> | <u>\$16,332</u> | <u>\$65,687</u> | <u>\$174,859</u> | <u>\$2,330,746</u> |
| Depreciation and impairment: | | | | | | | | | |
| 1 Jan. 2023 | \$- | \$338,410 | \$180,471 | \$155,413 | \$46,724 | \$35,822 | \$58,175 | \$- | \$815,285 |
| Depreciation | - | 14,099 | 27,341 | 13,964 | 3,977 | 3,252 | 6,063 | - | 68,696 |
| Disposals | - | (156,084) | (86,262) | (133,484) | (36,775) | (31,171) | (39,679) | - | (483,455) |
| 31 Dec. 2023 | <u>\$-</u> | <u>\$196,425</u> | <u>\$121,820</u> | <u>\$35,893</u> | <u>\$13,926</u> | <u>\$7,903</u> | <u>\$24,559</u> | <u>\$-</u> | <u>\$400,526</u> |
| Net carrying amount: | | | | | | | | | |
| 31 Dec. 2024 | <u>\$1,329,106</u> | <u>\$219,755</u> | <u>\$112,832</u> | <u>\$29,656</u> | <u>\$13,327</u> | <u>\$6,610</u> | <u>\$39,729</u> | <u>\$357,611</u> | <u>\$2,108,626</u> |
| 31 Dec. 2023 | <u>\$1,314,864</u> | <u>\$230,515</u> | <u>\$124,118</u> | <u>\$25,421</u> | <u>\$10,886</u> | <u>\$8,429</u> | <u>\$41,128</u> | <u>\$174,859</u> | <u>\$1,930,220</u> |

(b) Components of building that have different useful lives are the main building structure, compartment works, utilities and firefighting equipment and renovation works, which are depreciated according to their lifetime of 50 years, 4 years and 10 years, respectively.

(c) Please refer to Note 8 for more details on property, plant and equipment under pledge.

(d) Certain land held by the Company was classified as agricultural land and the ownership was temporarily registered under the name of a third party. The Company has obtained the land ownership certificate and is applying for the mortgage rights to the land administration office. As of 31 December 2024 and 2023, the total amounted to \$77,167 thousand.

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Investment property

The Company's investment properties include only its owner-occupied investment properties. The Company has entered commercial property leases on its owned investment properties. These leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

| | Land | Buildings | Total |
|---|------------------|-----------------|------------------|
| Cost: | | | |
| As of 1 Jan. 2024 | \$164,203 | \$78,776 | \$242,979 |
| As of 31 Dec. 2024 | <u>\$164,203</u> | <u>\$78,776</u> | <u>\$242,979</u> |
| Depreciation and impairment: | | | |
| As of 1 Jan. 2024 | \$2,611 | \$49,554 | \$52,165 |
| Current period depreciation | - | 1,801 | 1,801 |
| Reversal of impairment loss | (1,504) | (9,623) | (11,127) |
| As of 31 Dec. 2024 | <u>\$1,107</u> | <u>\$41,732</u> | <u>\$42,839</u> |
| Cost: | | | |
| As of 1 Jan. 2023 | \$164,203 | \$108,383 | \$272,586 |
| Disposal | - | (29,607) | (29,607) |
| As of 31 Dec. 2023 | <u>\$164,203</u> | <u>\$78,776</u> | <u>\$242,979</u> |
| Depreciation and impairment: | | | |
| As of 1 Jan. 2023 | \$2,611 | \$77,356 | \$79,967 |
| Current period depreciation | - | 1,805 | 1,805 |
| Disposal | - | (29,607) | (29,607) |
| As of 31 Dec. 2023 | <u>\$2,611</u> | <u>\$49,554</u> | <u>\$52,165</u> |
| Net carrying amount: | | | |
| As of 31 Dec. 2024 | <u>\$163,096</u> | <u>\$37,044</u> | <u>\$200,140</u> |
| As of 31 Dec. 2023 | <u>\$161,592</u> | <u>\$29,222</u> | <u>\$190,814</u> |
| | | 2024 | 2023 |
| Rental income from investment property | | \$4,842 | \$4,842 |
| Less: | | | |
| Direct operating expenses from investment property generating rental income | | (1,687) | (1,692) |
| Direct operating expenses from investment property not generating rental income | | (240) | (291) |
| Total | | <u>\$2,915</u> | <u>\$2,859</u> |

For investment property pledge, please refer to Note 8.

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investment properties held by the Company are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3. The fair value of the Company's investment property amounted to \$410,974 thousand and \$369,714 thousand as of 31 December 2024 and 2023, respectively. The fair value as of 31 December 2024 was evaluated by an independent external appraisal expert, using the cost method to evaluate the price of land, and the comparative method to evaluate the price of buildings. The fair value of investment property as of 31 December 2023 was determined by the Company's management using the comparative method and with reference to transaction prices in nearby locations.

(9) Intangible assets

| | Patent rights | Trademark rights | Computer software cost | Total |
|--------------------------------|------------------|---------------------|------------------------------|-----------------|
| Cost: | | | | |
| As of 1 Jan.2024 | \$5,815 | \$8,489 | \$18,403 | \$32,707 |
| Addition - acquired separately | 693 | 132 | 18,053 | 18,878 |
| Disposal | (635) | (15) | (2,952) | (3,602) |
| Other changes | - | - | 4,722 | 4,722 |
| As of 31 Dec. 2024 | <u>\$5,873</u> | <u>\$8,606</u> | <u>\$38,226</u> | <u>\$52,705</u> |
| | | | | |
| As of 1 Jan.2023 | \$7,033 | \$8,763 | \$30,336 | \$46,132 |
| Addition - acquired separately | 650 | 644 | 9,923 | 11,217 |
| Disposal | (1,868) | (918) | (21,915) | (24,701) |
| Other changes | - | - | 59 | 59 |
| As of 31 Dec. 2023 | <u>\$5,815</u> | <u>\$8,489</u> | <u>\$18,403</u> | <u>\$32,707</u> |
| | | | | |
| Amortization and impairment: | | | | |
| As of 1 Jan.2024 | \$3,117 | \$4,651 | \$6,719 | \$14,487 |
| Amortization | 651 | 744 | 10,093 | 11,488 |
| Disposal | (635) | (15) | (2,952) | (3,602) |
| As of 31 Dec. 2024 | <u>\$3,133</u> | <u>\$5,380</u> | <u>\$13,860</u> | <u>\$22,373</u> |
| | | | | |
| As of 1 Jan.2023 | \$4,279 | \$4,856 | \$20,219 | \$29,354 |
| Amortization | 706 | 713 | 8,415 | 9,834 |
| Disposal | (1,868) | (918) | (21,915) | (24,701) |
| As of 31 Dec. 2023 | <u>\$3,117</u> | <u>\$4,651</u> | <u>\$6,719</u> | <u>\$14,487</u> |
| | | | | |
| Net carrying amount: | | | | |
| As of 31 Dec. 2024 | <u>\$2,740</u> | <u>\$3,226</u> | <u>\$24,366</u> | <u>\$30,332</u> |
| As of 31 Dec. 2023 | <u>\$2,698</u> | <u>\$3,838</u> | <u>\$11,684</u> | <u>\$18,220</u> |

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Notes to Parent Company Only Financial Statements (continued)
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The amortized amount of recognized intangible assets is as follows:

| | <u>2024</u> | <u>2023</u> |
|--------------------|-----------------|----------------|
| Operating expenses | <u>\$11,488</u> | <u>\$9,834</u> |

(10) Other non-current assets

| | <u>31 Dec. 2024</u> | <u>31 Dec. 2023</u> |
|---|---------------------|---------------------|
| Long-term finance lease receivable due from related parties | \$45,246 | \$52,201 |
| Less: unearned finance income on long-term finance lease due from related parties | <u>(1,877)</u> | <u>(2,485)</u> |
| Subtotal | <u>43,369</u> | <u>49,716</u> |
| Prepayments for investments | 72,226 | - |
| Other deferred charges | 40,192 | 41,282 |
| Other non-current assets - other | <u>22,559</u> | <u>18,818</u> |
| Total | <u>\$178,346</u> | <u>\$109,816</u> |

The Company's other non-current assets were not pledged.

The Company's board of directors approved an investment in EIFFEL SYSTEM FURNITURE CO., LTD. in March, 2024 to promote the business development of its subsidiary, SAKURA Home Collection. The Company is expected to acquire 51% equity in the company, amounting to 2,300,100 shares, with a total transaction value of \$109,991 thousand. As of 31 December 2024, the prepayments for investments has amounted to \$72,226 thousand.

(11) Short-term loans

| | <u>31 Dec. 2024</u> | <u>31 Dec. 2023</u> |
|---------------------|---------------------|---------------------|
| Unsecured bank loan | <u>\$4,750</u> | <u>\$602</u> |
| Interest rates (%) | <u>3.914%</u> | <u>3.991%</u> |

The Company's unused short-term lines of credits, including credit loans and secured loans, amounted to \$476,250 thousand and \$480,398 thousand as of 31 December 2024 and 2023, respectively, among which the secured loans were not drawn.

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(12) Other payables

| | 31 Dec. 2024 | 31 Dec. 2023 |
|---|--------------|--------------|
| Accrued salary and bonus | \$388,805 | \$319,810 |
| Payables on promotion fee | 179,368 | 96,750 |
| Payables on advertisement | 90,765 | 56,857 |
| Accrued employees' compensation and directors' remuneration | 82,781 | 69,007 |
| Other payables - others | 193,685 | 189,905 |
| Total | \$935,404 | \$732,329 |

(13) Long-term loans

Details of long-term loans as of 31 December 2024 are as follows:

| Lenders | As of 31 Dec. 2024 | Interest Rate (%) | Maturity date and terms of repayment |
|-----------------------------------|-----------------------|----------------------|---|
| Bank of Taiwan - Secured loans | \$200,000 | 1.875% | Repayable from 27 September 2024 to 27 September 2034, with the first drawdown date as the starting point. The grace period is three years, during which interest is paid monthly. Upon expiration of the grace period, the principal shall be repaid in 84 equal monthly installments, with one installment per month. Interest is calculated monthly, and the 15th of each month is designated as the repayment date for principal. |
| Bank of Taiwan - Secured loans | 112,000 | 1.835% | Repayable from 1 December 2023 to 1 December 2038, and amortized from 1 January 2024, in 180 installments with one installment per month. |
| Subtotal | 312,000 | | |
| Less: current portion | (8,000) | | |
| Total | \$304,000 | | |

Details of long-term loans as of 31 December 2023 are as follows:

| Lenders | As of 31 Dec. 2023 | Interest Rate (%) | Maturity date and terms of repayment |
|-----------------------------------|-----------------------|----------------------|---|
| Bank of Taiwan - Secured loans | \$120,000 | 1.71% | Repayable from 1 December 2023 to 1 December 2038, and amortized from 1 January 2024, in 180 installments with one installment per month. |
| Subtotal | 120,000 | | |
| Less: current portion | (8,000) | | |
| Total | \$112,000 | | |

Please refer to Note 8 for the above loans under pledge.

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(14) Post-employment benefit plans

Defined contribution plans

The Company adopts a defined contribution plan in accordance with the “Labor Pension Act of the R.O.C.”. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees’ monthly wages to the employees’ individual pension accounts. The Company has made monthly contributions of 6% of each individual employee’s salaries or wages to employees’ pension accounts.

The Company’s expenses under the defined contribution plan for the years ended 31 December 2024 and 2023 were \$26,480 thousand and \$24,694 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the “Labor Standards Act of the R.O.C.”. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees’ total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one payment before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is managed by the in-house managers or under discretionary accounts, based on a passive-aggressive investment strategy for mid-term and long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute \$1,800 thousand to its defined benefit plan in the next year starting from 31 December 2024.

As of 31 December 2024 and 2023, the Company's defined benefit plans are expected to expire in 2029.

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Notes to Parent Company Only Financial Statements (continued)
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The summary of defined benefits plan reflected in profit or loss is as follows:

| | 2024 | 2023 |
|---|--------------|----------------|
| Current period service cost | \$303 | \$782 |
| Net defined interest on benefit liabilities | 299 | 362 |
| Total | <u>\$602</u> | <u>\$1,144</u> |

Changes in the defined benefit obligation and fair value of plan assets are as follows:

| | 31 Dec. 2024 | 31 Dec. 2023 | 1 Jan. 2023 |
|--|-----------------|-----------------|-----------------|
| Defined benefit obligation | \$168,259 | \$167,537 | \$175,829 |
| Plan assets at fair value | (155,066) | (142,730) | (145,974) |
| Contribution status | 13,193 | 24,807 | 29,855 |
| Other payables due within one year | (50) | (95) | (107) |
| Net defined benefit liabilities - non-current | <u>\$13,143</u> | <u>\$24,712</u> | <u>\$29,748</u> |

Reconciliation of liability (asset) of the defined benefit plan is as follows:

| | Defined benefit obligation | Fair value of plan assets | Benefit liability (asset) |
|---|----------------------------------|------------------------------|---------------------------------|
| As of 1 Jan. 2023 | \$175,829 | \$(145,974) | \$29,855 |
| Current period service costs | 782 | - | 782 |
| Interest expense (income) | 2,198 | (1,836) | 362 |
| Subtotal | <u>178,809</u> | <u>(147,810)</u> | <u>30,999</u> |
| Remeasurements of the net defined benefit liability (asset): | | | |
| Experience adjustments | (3,095) | - | (3,095) |
| Gain (loss) of the planned asset remuneration | - | (1,310) | (1,310) |
| Subtotal | <u>(3,095)</u> | <u>(1,310)</u> | <u>(4,405)</u> |
| Payments from the plan | (8,177) | 8,177 | - |
| Contributions by employer | - | (1,787) | (1,787) |
| As of 31 Dec. 2023 | 167,537 | (142,730) | 24,807 |
| Current period service costs | 303 | - | 303 |
| Interest expense (income) | 2,094 | (1,795) | 299 |
| Subtotal | <u>169,934</u> | <u>(144,525)</u> | <u>25,409</u> |
| Remeasurements of the net defined benefit liability (asset): | | | |
| Experience adjustments | 3,728 | - | 3,728 |
| Actuarial gains and losses arising from changes in financial assumptions | (1,225) | - | (1,225) |
| Gain (loss) of the planned asset remuneration | - | (12,916) | (12,916) |
| Subtotal | <u>2,503</u> | <u>(12,916)</u> | <u>(10,413)</u> |
| Payments from the plan | (4,178) | 4,178 | - |
| Contributions by employer | - | (1,803) | (1,803) |
| As of 31 Dec. 2024 | <u>\$168,259</u> | <u>\$(155,066)</u> | <u>\$13,193</u> |

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Notes to Parent Company Only Financial Statements (continued)
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The principal actuarial assumptions used were as follows:

| | 31 Dec. 2024 | 31 Dec. 2023 |
|-----------------------------|--------------|--------------|
| Discount rate | 1.50% | 1.25% |
| Future salary increase rate | 2.75% | 2.75% |

Sensitivity analysis for significant assumption are shown below:

| | 2024 | | 2023 | |
|---------------------------------|---|---|---|---|
| | Increase in defined benefit obligation | Decrease in defined benefit obligation | Increase in defined benefit obligation | Decrease in defined benefit obligation |
| Discount rate increased by 0.5% | \$- | \$2,364 | \$- | \$2,692 |
| Discount rate decreased by 0.5% | 2,479 | - | 2,833 | - |
| Future salary increased by 1% | 4,964 | - | 5,668 | - |
| Future salary decreased by 1% | - | 4,609 | - | 5,228 |

The foregoing sensitivity analysis is conducted to analyze the possible impact of determining a benefit obligation when a single actuarial assumption (e. g. discount rate or expected salary) is reasonably possible, assuming other assumptions remain unchanged. Since some of the actuarial assumptions are related to each other, there are only a few single actuarial assumptions that can be changed in practice, so the analysis has its limitations.

The methods and assumptions used in this period of sensitivity analysis are not different from the previous period.

(15) Provisions

| | Warranties |
|----------------------------|------------|
| As of 1 Jan. 2024 | \$74,159 |
| Addition - others | 25,981 |
| Utilized | (20,988) |
| As of 31 Dec. 2024 | \$79,152 |
| Current - 31 Dec. 2024 | \$21,114 |
| Non-current - 31 Dec. 2024 | 58,038 |
| As of 31 Dec. 2024 | \$79,152 |
| As of 1 Jan. 2023 | \$70,425 |
| Addition - others | 25,164 |
| Utilized | (21,430) |
| As of 31 Dec. 2023 | \$74,159 |
| Current - 31 Dec. 2023 | \$19,275 |
| Non-current - 31 Dec. 2023 | 54,884 |
| As of 31 Dec. 2023 | \$74,159 |

Note: Provision for liabilities - current and provision for liabilities - non-current were separately booked under other current liabilities and other non-current liabilities.

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Warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

(16) Equities

(a) Common stock

The Company's authorized share capitals amounted to \$4,400,000 thousand and the issued share capitals was \$2,211,212 thousand, both as of 31 December 2024 and 2023. The par value per share was NT\$10 dollar with a total of 221,121,188 shares. Each share is entitled to one vote and the right to receive dividends.

(b) Additional paid-in capital

| | 31 Dec. 2024 | 31 Dec. 2023 |
|---|--------------|--------------|
| Treasury stock transactions | \$76,518 | \$67,544 |
| Premium issuance | 47,959 | 47,959 |
| Donated assets received | 15,516 | 14,410 |
| Changes in the net value of associates and joint venture equity using the equity method | 1,161 | 1,161 |
| Total | \$141,154 | \$131,074 |

Under the relevant laws, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

Additional paid-in capital - treasury stock trading, which is a subsidiary of the Company - Svago International Corporation, holds the shares of the Company, and the cash dividends of the parent company are subject to the adjustment of the additional paid-in capital - treasury stock transactions.

Additional paid-in capital - the donated assets received are the additional paid-in capital generated by the Company due to the donated assets of the receiving shareholder, and the previous year's cash dividends are not received.

The equity method is used to recognize the changes in the net value of the related companies and the joint venture equity, which is the additional paid-in capital of the affiliated company, SAKURA (CAYMAN) CO., LTD., which transfers the trademark rights free of charge to the affiliated company, Sakura Bath and Kitchen Products (China) Co., Ltd.

(c) Treasury stock

As of 31 December 2024 and 2023, the fair value of the treasury stock held by the Company's subsidiary, Svago International Corporation, was \$193,361 thousand and \$160,749 thousand, respectively, and the number of shares held is 2,312,932 for both years. These shares held by Svago International Corporation were acquitted for the purpose of financing before the amendment of the Company Act on 12 November 2001.

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Notes to Parent Company Only Financial Statements (continued)
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(d) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- A. Payment of all taxes and dues;
- B. Offset prior years' operation losses;
- C. Set aside 10% of the remaining amount as legal reserve;
- D. Set aside or reverse special reserve in accordance with law and regulations;
- E. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The Company's products are diverse, and hence the products' different growth stages may be difficult to identify. Regardless, the Company still expects to make significant investment and financial improvement plans in the next few years. In addition, the Company will distribute at least 30% of the shareholders' dividends in the form of cash when it obtains sufficient external funds to pay for its significant annual capital expenditures.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributes distributable earnings, it shall set aside to special reserve, an amount equal to the difference between the balance of special reserve already set aside according to the requirements for the first time adoption of IFRS, and the net contra account in other equity. For any subsequent reversal of the net contra account in other equity, the amount reversed may be distributed from the special reserve.

In accordance with Ruling No. Jin-Guan-Cheng-Fa-Zi 1090150022 issued by the Financial Supervisory Commission on 31 March 2021, on the first time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded on the transfer day that the company elects to transfer to retained earnings by application of the exemption under IFRS 1 "First Adoption of International Financial Reporting Standards", the company shall set aside an equal amount of special reserve. For any subsequent use, disposal of or reclassification of related assets, the amount reversed may be distributed according to the percentage of special reserve that's set aside.

The Company's special surplus reserve amount for the first adoption of IFRS was \$115,799 thousand for both periods ended 1 January 2024 and 1 January 2023. In addition, the Company did not use, dispose or reclassify the relevant assets from 1 January to 31 December 2024 and 2023, and thus revolved the special surplus reserve to the undistributed surplus. As of 31 December 2024 and 2023, the special surplus reserve amount for the first adoption was \$115,799 thousand.

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Notes to Parent Company Only Financial Statements (continued)
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Details of the 2024 and 2023 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting and shareholders' meeting on 11 March 2025 and 19 June 2024, respectively, are as follows:

| | Appropriation of earnings | | Dividend per share (NT\$) | |
|-------------------------------------|---------------------------|-----------|---------------------------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| Legal reserve | \$130,965 | \$107,492 | | |
| Cash dividend - common stock (Note) | 1,039,270 | 857,950 | \$4.70 | \$3.88 |

Note: The Company was authorized according to the Articles of Association and passed by special resolution on 11 March 2025 and 13 March 2024, the proposal to distribute common share cash dividends of 2024 and 2023.

Please refer to Note 6(20) for relevant information on the estimation basis and amount for employees' compensation and remuneration to directors.

(17) Operating revenue

| | 2024 | 2023 |
|---|--------------------|--------------------|
| Revenue from contracts with customers - Sale of goods | <u>\$8,721,123</u> | <u>\$7,590,743</u> |

Analysis of revenue from contracts with customers during the periods ended 31 December 2024 and 2023 are as follows:

(a) Disaggregation of revenue

For the year ended 31 December 2024:

| | Gas appliances division | Kitchenware division | Other divisions | Total |
|--------------------------------|-------------------------|----------------------|------------------|--------------------|
| Sale of goods | <u>\$5,148,543</u> | <u>\$2,730,326</u> | <u>\$842,254</u> | <u>\$8,721,123</u> |
| Timing of revenue recognition: | | | | |
| At a point in time | \$5,148,543 | \$2,730,326 | \$842,254 | \$8,721,123 |
| Over time | - | - | - | - |
| Total | <u>\$5,148,543</u> | <u>\$2,730,326</u> | <u>\$842,254</u> | <u>\$8,721,123</u> |

For the year ended 31 December 2023:

| | Gas appliances division | Kitchenware division | Other divisions | Total |
|--------------------------------|-------------------------|----------------------|------------------|--------------------|
| Sale of goods | <u>\$4,582,250</u> | <u>\$2,393,957</u> | <u>\$614,536</u> | <u>\$7,590,743</u> |
| Timing of revenue recognition: | | | | |
| At a point in time | \$4,582,250 | \$2,393,957 | \$614,536 | \$7,590,743 |
| Over time | - | - | - | - |
| Total | <u>\$4,582,250</u> | <u>\$2,393,957</u> | <u>\$614,536</u> | <u>\$7,590,743</u> |

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Contract balances

A. Contract assets - current

| | 31 Dec. 2024 | 31 Dec. 2023 | 1 Jan. 2023 |
|---------------|--------------|--------------|-------------|
| Sale of goods | \$258,194 | \$224,779 | \$183,142 |

The significant changes in the Company's balances of contract assets during the periods ended 31 December 2024 and 2023 are as follows:

| | 31 Dec. 2024 | 31 Dec. 2023 |
|---|--------------|--------------|
| The opening balance transferred to trade receivables | \$(224,779) | \$(183,142) |
| Fulfilling performance obligations without achieving the unconditional collection | 258,194 | 224,779 |
| Changes during the period | \$33,415 | \$41,637 |

B. Contract liabilities - current

| | 31 Dec. 2024 | 31 Dec. 2023 | 1 Jan. 2023 |
|----------------|--------------|--------------|-------------|
| Sales of goods | \$239,386 | \$193,684 | \$110,312 |

The significant changes in the Company's balances of contract liabilities for the year ended 31 December 2024 and 2023 are as follows:

| | 31 Dec. 2024 | 31 Dec. 2023 |
|--|--------------|--------------|
| The opening balance transferred to revenue | \$(193,684) | \$(110,312) |
| Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period) | 239,386 | 193,684 |
| Changes during the period | \$45,702 | \$83,372 |

(c) Transaction price allocated to unfulfilled performance obligations

None.

(d) Assets recognized from costs to fulfil a contract

None.

(18) Expected credit losses (gains)

| | 2024 | 2023 |
|---|---------|---------|
| Operating expenses – Expected credit losses (gains) | | |
| Contract assets | \$407 | \$(135) |
| Accounts receivable | 139 | (21) |
| Notes receivable | - | - |
| Finance lease receivable | - | - |
| Other receivables | 2,087 | - |
| Total | \$2,633 | \$(156) |

Please refer to Note 12 for more details on credit risk.

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Notes to Parent Company Only Financial Statements (continued)
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The loss allowances of the Company's contract assets and receivables (including notes receivable and accounts receivable) were measured at lifetime expected credit loss. The assessment of the Company's loss allowance for the year ended 31 December 2024 and 2023 is as follows:

- (a) The total carrying amounts of the contract assets were \$258,662 thousand and \$224,840 thousand, respectively. The amounts of the allowance loss were \$468 thousand and \$61 thousand, respectively, based on individual customer assessment method.
- (b) The receivables are divided into groups based on the credit rating, regional and industrial factors of the counterparty, and the matrix is used to measure the allowance loss. The related information is as follows:

As of 31 December 2024

| | Not yet due (Note) | Days of overdue | | | Total |
|---------------------------------|-----------------------|-----------------|-------------------|---------------------|-------------|
| | | Over a year | Over two years | Over three years | |
| Gross carrying amount | \$1,164,409 | \$181 | \$- | \$- | \$1,164,590 |
| Loss ratio | | 70% | 90% | 100% | |
| Lifetime expected credit losses | - | (127) | - | - | (127) |
| Carrying amount | \$1,164,409 | \$54 | \$- | \$- | \$1,164,463 |

As of 31 December 2023

| | Not yet due (Note) | Days of overdue | | | Total |
|---------------------------------|-----------------------|-----------------|-------------------|---------------------|-------------|
| | | Over a year | Over two years | Over three years | |
| Gross carrying amount | \$1,196,062 | \$- | \$- | \$- | \$1,196,062 |
| Loss ratio | - | 70% | 90% | 100% | |
| Lifetime expected credit losses | - | - | - | - | - |
| Carrying amount | \$1,196,062 | \$- | \$- | \$- | \$1,196,062 |

Note: The Company's note receivables and finance lease receivable are not overdue. The Company accrues the expected credit impairment loss according to the individual customer assessment method.

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The movement in the provision for impairment of contract assets, notes receivable, accounts receivable and other receivables during the ended 31 December 2024 and 2023 is as follows:

| | Contract assets | Notes receivable | Accounts receivable | Finance lease receivable | Other receivables | Total |
|---|--------------------|---------------------|------------------------|--------------------------------|----------------------|----------------|
| As of 1 Jan. 2024 | \$61 | \$- | \$- | \$- | \$2,026 | \$2,087 |
| Addition (reversal) for the current year | 407 | - | 139 | - | 2,087 | 2,633 |
| Write off | - | - | (12) | - | - | (12) |
| As of 31 Dec. 2024 | <u>\$468</u> | <u>\$-</u> | <u>\$127</u> | <u>\$-</u> | <u>\$4,113</u> | <u>\$4,708</u> |
| As of 1 Jan. 2023 | \$196 | \$- | \$21 | \$- | \$2,571 | \$2,788 |
| Addition (reversal) for the current year | (135) | - | (21) | - | - | (156) |
| Write off | - | - | - | - | (545) | (545) |
| As of 31 Dec. 2023 | <u>\$61</u> | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> | <u>\$2,026</u> | <u>\$2,087</u> |

(19) Leases

(1) Company as a lessee

The Company leases various properties, including real estate such as land and buildings and transportation equipment. The lease terms range from 1 to 51 years.

The Company's leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

a. Right-of-use assets

| | Buildings | Transportation equipment | Land improvement | Total |
|---------------|------------------|-----------------------------|---------------------|------------------|
| Cost: | | | | |
| 1 Jan. 2024 | \$221,931 | \$5,338 | \$10,536 | \$237,805 |
| Addition | 150,165 | 2,529 | - | 152,694 |
| Disposal | (8,709) | (885) | - | (9,594) |
| 31 Dec. 2024 | <u>\$363,387</u> | <u>\$6,982</u> | <u>\$10,536</u> | <u>\$380,905</u> |
| Depreciation: | | | | |
| 1 Jan. 2024 | \$77,063 | \$1,548 | \$5,889 | \$84,500 |
| Depreciation | 51,897 | 1,315 | 1,694 | 54,906 |
| Disposal | (2,476) | (885) | - | (3,361) |
| 31 Dec. 2024 | <u>\$126,484</u> | <u>\$1,978</u> | <u>\$7,583</u> | <u>\$136,045</u> |

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

| | Buildings | Transportation equipment | Land improvement | Total |
|----------------------|------------------|-----------------------------|---------------------|------------------|
| Cost: | | | | |
| 1 Jan. 2023 | \$175,406 | \$3,876 | \$10,536 | \$189,818 |
| Addition | 47,269 | 4,064 | - | 51,333 |
| Disposal | (744) | - | - | (744) |
| Other changes (Note) | - | (2,602) | - | (2,602) |
| 31 Dec. 2023 | <u>\$221,931</u> | <u>\$5,338</u> | <u>\$10,536</u> | <u>\$237,805</u> |
| Depreciation: | | | | |
| 1 Jan. 2023 | \$34,375 | \$1,691 | \$3,974 | \$40,040 |
| Depreciation | 43,432 | 1,159 | 1,915 | 46,506 |
| Disposal | (744) | - | - | (744) |
| Other changes (Note) | - | (1,302) | - | (1,302) |
| 31 Dec. 2023 | <u>\$77,063</u> | <u>\$1,548</u> | <u>\$5,889</u> | <u>\$84,500</u> |
| Net carrying amount: | | | | |
| 31 Dec. 2024 | <u>\$236,903</u> | <u>\$5,004</u> | <u>\$2,953</u> | <u>\$244,860</u> |
| 31 Dec. 2023 | <u>\$144,868</u> | <u>\$3,790</u> | <u>\$4,647</u> | <u>\$153,305</u> |

Note: Other changes were due to the reclassification as transportation equipment.

During the year ended 31 December 2024 and 2023, the Company's additions to right-of-use assets amounted to \$152,694 and \$51,333, respectively.

b. Lease liabilities

| | 31 Dec. 2024 | 31 Dec. 2023 |
|-------------------|------------------|------------------|
| Lease liabilities | | |
| Current | \$65,173 | \$52,586 |
| Non-current | 234,496 | 160,671 |
| Total | <u>\$299,669</u> | <u>\$213,257</u> |

Please refer to Note 6(21)(d) for the interest on lease liabilities recognized during the period ended 31 December 2024 and 2023 and refer to Note 12(5) - Liquidity Risk Management for the maturity analysis for lease liabilities as of 31 December 2024 and 2023.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

| | 2024 | 2023 |
|--------------------------|-----------------|-----------------|
| Buildings | \$51,897 | \$43,432 |
| Land improvement | 1,694 | 1,915 |
| Transportation equipment | 1,315 | 1,159 |
| Total | <u>\$54,906</u> | <u>\$46,506</u> |

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Income and costs relating to leasing activities

| | 2024 | 2023 |
|--|---------|---------|
| The expenses relating to short-term leases | \$4,539 | \$2,035 |

D. Cash outflow relating to leasing activities

During the year ended 31 December 2024 and 2023, the Company's total cash outflows for leases amounted to \$67,590 thousand and \$56,971 thousand, respectively.

(2) Company as a lessor

A. Please refer to Note 6(8) for details on the Company's owned investment properties. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

| | 2024 | 2023 |
|---|---------|---------|
| Lease income for operating leases | | |
| Income relating to fixed lease payments and variable lease payments that depend on an index or a rate | \$5,087 | \$5,077 |

B. The Company enters into lease contracts for buildings contracts, that are classified as a financial lease due to the transfer of substantially all the risks and rewards of ownership of the subsidiary's subject assets.

The Company has entered finance lease contracts and the undiscounted lease payments and total amounts to be received as of 31 December 2024 and 2023 are as follows:

| | 31 Dec. 2024 | 31 Dec. 2023 |
|---|--------------|--------------|
| No later than one year | \$6,955 | \$6,813 |
| Later than one year but no later than two years | 6,955 | 6,955 |
| Later than two years but no later than three years | 6,955 | 6,955 |
| Later than three years but no later than four years | 6,955 | 6,955 |
| Later than four years but no later than five years | 6,955 | 6,955 |
| Later than five years | 17,426 | 24,381 |
| Undiscounted lease payments | 52,201 | 59,014 |
| Less: Unearned finance income to finance leases | (2,486) | (3,175) |
| Net investment in the lease (Finance lease receivables) | \$49,715 | \$55,839 |
| Current (Booked under accounts receivable) | \$6,346 | \$6,123 |
| Non-current (Booked under other non-current assets) | \$43,369 | \$49,716 |

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Notes to Parent Company Only Financial Statements (continued)
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(20) Summary statement of employee benefits, depreciation and amortization expenses by function is as follows:

| Function Nature | 2024 | | | 2023 | | |
|---------------------------------|-----------------|--------------------|-----------|-----------------|--------------------|-----------|
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Employee benefits expense | | | | | | |
| Salaries | \$377,085 | \$589,677 | \$966,762 | \$319,099 | \$549,304 | \$868,403 |
| Labor and health insurance | 30,704 | 43,755 | 74,459 | 28,728 | 42,170 | 70,898 |
| Pension | 9,321 | 17,761 | 27,082 | 8,610 | 17,228 | 25,838 |
| Directors' remuneration | - | 52,879 | 52,879 | - | 43,336 | 43,336 |
| Other employee benefits expense | 14,148 | 23,758 | 37,906 | 12,270 | 19,732 | 32,002 |
| Depreciation | 82,759 | 46,950 | 129,709 | 78,108 | 38,899 | 117,007 |
| Amortization | 4,282 | 27,371 | 31,653 | 6,093 | 18,927 | 25,020 |

As of 31 December 2024 and 2023, the Company had 1,093 and 1,078 employees, respectively, including 6 directors who were non-employee directors.

For the years ended 31 December 2024 and 2023, the average employee benefit expenses were \$1,018 thousand and \$930 thousand, respectively.

For the years ended 31 December 2024 and 2023, the average employee salaries were \$889 thousand and \$810 thousand, respectively, and the average employee salaries adjustment changes were 9.8%.

The Company established an audit committee to replace the supervisor on 24 June 2019, thus, there is no supervisor's remuneration for the years ended 31 December 2024 and 2023.

The Company's policy for compensation of directors, managers and employees is as follows:

The Company set the policy for directors and employees' compensation in the Company's Articles of Incorporation and established the Remuneration Committee to evaluate and monitor the Company's remuneration system for its directors and executive officers. The Company shall assess the performance of directors and executive officers according to the Rules for Performance Assessment of the Board of Directors and the Performance Appraisal for employees of the Company, in order to determine their compensation. An adequate compensation scheme will be calculated by referencing the Company's operation results, future risks, corporate strategies, industry trends and also individual contribution.

The Company developed a comprehensive employee welfare system in accordance with laws, government regulations and regional needs to provide employees with competitive salary and welfare conditions. Employees' compensation includes monthly salary, bonus based on operation performance, and the compensation based on the Company's earnings performance and regulated by the articles. The Company conducts a performance evaluation of all employees every year to understand their job performance and uses such information as a reference for promotions, training and distributing compensation.

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According to the Company's Articles of Incorporation, if the Company makes a profit for the year, it shall contribute 2% to 8% as employee remuneration, and no more than 5% as director compensation. However, the profit shall make up for losses first, if any. The above-mentioned employee compensation shall be distributed in stocks or cash and shall be approved by the Board of Directors with more than two-thirds of the directors' attendance and a majority of the directors' consents and the results are reported to the shareholders' meeting. Information about the appropriation of employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors, please refer to the "Market Observation Post System " of the TWSE.

For the year ended 31 December 2024, employees' compensation and remuneration to the directors were accrued at \$50,682 thousand and \$32,099 thousand, respectively, which were booked under salary expenses. The Company convened a board meeting on 11 March 2025 to determine employee compensation and remuneration to directors.

The actual distribution of the employee's compensation and remuneration to the directors in 2023 were \$42,249 thousand and \$26,758 thousand, respectively, which were consistent with the estimated amount recognized in the 2023 financial statements.

(21) Non-operating income and expenses

(a) Interest income

| | 2024 | 2023 |
|---|-----------------|----------------|
| Interest income | | |
| Financial assets measured at amortized cost | \$9,643 | \$5,960 |
| Finance lease receivable | 690 | 767 |
| Total | <u>\$10,333</u> | <u>\$6,727</u> |

(b) Other income

| | 2024 | 2023 |
|-----------------|-----------------|-----------------|
| Rental income | \$5,087 | \$5,077 |
| Dividend income | 2,086 | 1,642 |
| Other income | 23,475 | 25,032 |
| Total | <u>\$30,648</u> | <u>\$31,751</u> |

(c) Other gains and losses

| | 2024 | 2023 |
|--|-----------------|------------------|
| Foreign exchange gain, net | \$13,432 | \$3,931 |
| Gain on reversal of impairment loss | 11,127 | - |
| Gain on disposal of investment | 215 | 338 |
| Gain on lease modification | 66 | - |
| Loss on disposal and retirement of property, plant and equipment | (351) | (6,813) |
| Other losses - others | (2,420) | (4,448) |
| Total | <u>\$22,069</u> | <u>\$(6,992)</u> |

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
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(d) Finance costs

| | 2024 | 2023 |
|-------------------------------|---------|---------|
| Interest on loans from bank | \$3,345 | \$427 |
| Interest on lease liabilities | 3,068 | 2,838 |
| Total | \$6,413 | \$3,265 |

(22) Components of other comprehensive income

For the year ended 31 December 2024:

| | Arising during the period | Reclassification adjustments during the period | Other comprehensive income (loss), before tax | Income tax relating to components of other comprehensive income (loss) | Other comprehensive income, net of tax |
|--|---------------------------------|---|--|---|---|
| Not to be reclassified to profit or loss in subsequent periods: | | | | | |
| Remeasurements of defined benefit plans | \$11,218 | \$- | \$11,218 | \$(2,244) | \$8,974 |
| Unrealized gains on equity instrument investments measured at fair value through other comprehensive income | 44,024 | - | 44,024 | - | 44,024 |
| To be reclassified to profit or loss in subsequent periods: | | | | | |
| Exchange differences on translation of foreign operations | 17,171 | - | 17,171 | (3,434) | 13,737 |
| Share of gain (loss) of associates and joint ventures accounted for using equity method through other comprehensive income | 43,429 | - | 43,429 | (8,686) | 34,743 |
| Total other comprehensive income | \$115,842 | \$- | \$115,842 | \$(14,364) | \$101,478 |

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Notes to Parent Company Only Financial Statements (continued)
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For the year ended 31 December 2023:

| | Arising during the period | Reclassification adjustments during the period | Other comprehensive income (loss), before tax | Income tax relating to components of other comprehensive income (loss) | Other comprehensive income, net of tax |
|--|---------------------------------|---|--|---|---|
| Not to be reclassified to profit or loss in subsequent periods: | | | | | |
| Remeasurements of defined benefit plans | \$3,401 | \$- | \$3,401 | \$(680) | \$2,721 |
| Unrealized gains on equity instrument investments measured at fair value through other comprehensive income | 70,281 | - | 70,281 | - | 70,281 |
| To be reclassified to profit or loss in subsequent periods: | | | | | |
| Exchange differences on translation of foreign operations | (8,843) | - | (8,843) | 1,768 | (7,075) |
| Share of gain (loss) of associates and joint ventures accounted for using equity method through other comprehensive income | (14,066) | - | (14,066) | 2,813 | (11,253) |
| Total other comprehensive income | <u>\$50,773</u> | <u>\$-</u> | <u>\$50,773</u> | <u>\$3,901</u> | <u>\$54,674</u> |

(23) Income tax

Components of the income tax expenses (income):

(a) Income tax expense recognized in profit or loss:

| | 2024 | 2023 |
|--|------------------|------------------|
| Current income tax expense (income): | | |
| Current income tax charge | \$300,093 | \$251,901 |
| Undistributed surplus for income tax | 4,574 | 4,342 |
| Adjustments in respect of current income tax of prior periods | (938) | (4,752) |
| Deferred tax expense: | | |
| Deferred tax expense relating to origination and reversal of temporary differences | 2,226 | 15,595 |
| Total income tax expense | <u>\$305,955</u> | <u>\$267,086</u> |

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Income tax relating to components of other comprehensive income

| | 2024 | 2023 |
|--|-----------------|------------------|
| Deferred tax expense (income): | | |
| Remeasurements of defined benefit plans | \$2,244 | \$680 |
| Exchange differences on translation of foreign operations | 3,434 | (1,768) |
| Share of gain (loss) of associates and joint ventures accounted for using equity method through other comprehensive income | 8,686 | (2,813) |
| Income tax relating to components of other comprehensive income | <u>\$14,364</u> | <u>\$(3,901)</u> |

(c) Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate is as follows:

| | 2024 | 2023 |
|---|--------------------|--------------------|
| Accounting profit before tax from continuing operations | <u>\$1,606,629</u> | <u>\$1,339,290</u> |
| Tax at the domestic rates applicable to profits in the country concerned | \$321,326 | \$267,858 |
| Tax effect of other tax adjustments in accordance with tax laws | 19,041 | - |
| Undistributed surplus for income tax | 4,574 | 4,342 |
| Income tax effects of deferred income tax assets and liabilities | 3,399 | 19,855 |
| Income tax effects of non-deductible expenses on tax returns | 66 | 4 |
| Adjustments in respect of current income tax of prior periods | (938) | (4,752) |
| Income tax effects of tax-exempt income | <u>(41,513)</u> | <u>(20,221)</u> |
| Total income tax expense | <u>\$305,955</u> | <u>\$267,086</u> |

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(d) Amounts of deferred tax assets (liabilities):

For the year ended 31 December 2024

| | Beginning balance | Recognized in profit or loss | Recognized in other comprehensive income | Ending balance |
|---|----------------------|------------------------------------|---|-------------------|
| Temporary difference | | | | |
| Unrealized exchange gain or loss | \$(161) | \$(1,379) | \$- | \$(1,540) |
| Allowance for sales discounts | 2,685 | 1,078 | - | 3,763 |
| Unrealized inventory valuation loss | 1,580 | 1,694 | - | 3,274 |
| Impairment of investment property | 2,731 | (1,925) | - | 806 |
| Investment using the equity method | (20,003) | (3,970) | - | (23,973) |
| Unrealized gain on inter-affiliate accounts | 292 | 114 | - | 406 |
| Provision for warranties | 14,832 | 999 | - | 15,831 |
| Provision for plant relocation | - | 1,402 | - | 1,402 |
| Net defined benefit liability | 4,885 | (239) | (2,083) | 2,563 |
| Unrealized exchange profit or loss | (23,830) | - | (12,120) | (35,950) |
| Deferred income tax expense | | <u>\$(2,226)</u> | <u>\$(14,203)</u> | |
| Net deferred income tax assets (liabilities) | <u>\$(16,989)</u> | | | <u>\$(33,418)</u> |
| The information expressed on the balance sheet is as follows: | | | | |
| Deferred income tax assets | <u>\$27,005</u> | | | <u>\$28,045</u> |
| Deferred income tax liabilities | <u>\$(43,994)</u> | | | <u>\$(61,463)</u> |

For the year ended 31 December 2023

| | Beginning balance | Recognized in profit or loss | Recognized in other comprehensive income | Ending balance |
|---|----------------------|------------------------------------|---|-------------------|
| Temporary difference | | | | |
| Unrealized exchange gain or loss | \$(1,153) | \$992 | \$- | \$(161) |
| Allowance for sales discounts | 2,014 | 671 | - | 2,685 |
| Unrealized inventory valuation loss | (570) | 2,150 | - | 1,580 |
| Impairment of investment property | 2,731 | - | - | 2,731 |
| Investment using the equity method | (148) | (19,855) | - | (20,003) |
| Unrealized gain on inter-affiliate accounts | 464 | (172) | - | 292 |
| Provision for warranties | 14,085 | 747 | - | 14,832 |
| Net defined benefit liability | 5,895 | (128) | (882) | 4,885 |
| Unrealized exchange profit or loss | (28,411) | - | 4,581 | (23,830) |
| Deferred income tax income | | <u>\$ (15,595)</u> | <u>\$3,699</u> | |
| Net deferred income tax assets (liabilities) | <u>\$(5,093)</u> | | | <u>\$(16,989)</u> |
| The information expressed on the balance sheet is as follows: | | | | |
| Deferred income tax assets | <u>\$25,189</u> | | | <u>\$27,005</u> |
| Deferred income tax liabilities | <u>\$(30,282)</u> | | | <u>\$(43,994)</u> |

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(e) Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company's income tax payable on the repatriation of the undistributed earnings of the foreign subsidiaries prior to the fourth quarter of 2009 has been recognized as related deferred income tax liabilities in the amount of \$58,186 thousand. The Company's surplus from foreign subsidiaries in 2019 was repatriated to the surplus before the fourth quarter of 2009 amounted to \$290,189 thousand, and the 8% substantive investment preferential tax rate was applied. Therefore, the deferred income tax liability estimated in the previous years was reversed to \$35,059 thousand. As of 31 December 2024 and 2023, deferred income tax liabilities that both were not recognized amounted to \$152,893 thousand, respectively.

(f) The assessment of income tax returns

As of 31 December 2024, the assessment returns of income tax returns of the Company is as follows:

| | |
|-------------|--------------------------------------|
| | The assessment of income tax returns |
| The Company | Assessed and approved through 2022 |

(24) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

| | 2024 | 2023 |
|---|-------------|-------------|
| (a) Basic earnings per share | | |
| Net profit attributable to ordinary stockholders (in NT\$ thousands) | \$1,300,674 | \$1,072,204 |
| Weighted average number of ordinary shares outstanding (in thousands) | 218,808 | 218,808 |
| Basic earnings per share (NT\$) | \$5.94 | \$4.90 |
| (b) Diluted earnings per share | | |
| Net profit attributable to ordinary stockholders (in NT\$ thousands) | \$1,300,674 | \$1,072,204 |
| Net profit after adjusting the dilution effect (in thousands) | \$1,300,674 | \$1,072,204 |
| Weighted average number of ordinary shares outstanding (in thousands) | 218,808 | 218,808 |
| Effect of dilution: | | |
| Employee compensation - stock (in thousands) | 762 | 827 |
| Weighted average number of ordinary shares outstanding after dilution (in thousands) | 219,570 | 219,635 |
| Diluted earnings per share (NT\$) | \$5.92 | \$4.88 |

There has not been other transaction involving ordinary shares or potential ordinary shares between the reporting date and the date that the financial statements were authorized for issuance.

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

7. RELATED PARTY TRANSACTIONS

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

| <u>Name of the related parties</u> | <u>Nature of relationship of the related parties</u> |
|--|---|
| Svago International Corporation (hereinafter referred to as Svago) | First-tier subsidiary |
| SAKURA Home Collection Co., Ltd. (hereinafter referred to as SAKURA Home) | First-tier subsidiary |
| Sakura Bath and Kitchen Products (China) Co., Ltd. (hereinafter referred to as Sakura China) | Invested company evaluated by equity method |
| PUDA Industrial Co., Ltd. (hereinafter referred to as PUDA) | Invested company evaluated by equity method |
| Sakura Shunde Co., Ltd. (hereinafter referred to as Sakura Shunde) | Subsidiary of the invested company evaluated by the equity method |
| Mekong Trading Corporation (hereinafter referred to as MK) | Second-tier subsidiary |
| Sakura Cultural and Educational Foundation | Substantive related party |

Significant transactions and balances with related parties

(a) Sales

| | <u>2024</u> | <u>2023</u> |
|------------------------|------------------|------------------|
| First-tier subsidiary | \$382,511 | \$325,498 |
| Second-tier subsidiary | 1,917 | 1,153 |
| Total | <u>\$384,428</u> | <u>\$326,651</u> |

The sales price of the Company to related parties is not significantly different from any third parties. The credit terms range from two to three months after monthly-closing, T/T.

(b) Purchases

| | <u>2024</u> | <u>2023</u> |
|---|-----------------|-----------------|
| Subsidiary of the invested company evaluated by the equity method | \$18,867 | \$21,778 |
| Invested company evaluated by equity method | 7,892 | 15,401 |
| First-tier subsidiary | 1,827 | 1,484 |
| Total | <u>\$28,586</u> | <u>\$38,663</u> |

The terms of purchases and payment of the Company from related parties is not significantly different from any third parties.

(c) Accounts receivable

| | <u>31 Dec. 2024</u> | <u>31 Dec. 2023</u> |
|------------------------|---------------------|---------------------|
| First-tier subsidiary | \$43,555 | \$62,845 |
| Second-tier subsidiary | 574 | 552 |
| Total | <u>\$44,129</u> | <u>\$63,397</u> |

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
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| | | |
|--|-----------------|-----------------|
| (d) Finance lease receivable (Current and Non-Current) | 31 Dec. 2024 | 31 Dec. 2023 |
| First-tier subsidiary | <u>\$49,715</u> | <u>\$55,839</u> |

| | | |
|---|----------------|----------------|
| (e) Accounts payable | 31 Dec. 2024 | 31 Dec. 2023 |
| Subsidiary of the invested company evaluated by the equity method | \$2,492 | \$3,088 |
| Invested company evaluated by equity method | 1,515 | 3,230 |
| First-tier subsidiary | 146 | 12 |
| Total | <u>\$4,153</u> | <u>\$6,330</u> |

(f) Endorsements and guarantees

Please refer to Note 9(3) for details of the guarantees provided by the Company for related parties' borrowings. For details of the guarantees provided by related parties for the Company's borrowings, please refer to Note 13(2)(b).

| | | |
|---|------------------|------------------|
| (g) Key management personnel compensation | 2024 | 2023 |
| Short-term employee benefits | \$114,134 | \$103,226 |
| Post-employment benefits | 760 | 756 |
| Total | <u>\$114,894</u> | <u>\$103,982</u> |

(h) Donation expenses

| | | |
|--|----------------|----------------|
| Sakura Cultural and Educational Foundation | 2024 | 2023 |
| | <u>\$2,700</u> | <u>\$3,000</u> |

8. PLEDGED ASSETS

The following table lists assets of the Company pledged as collateral for bank loans:

| Item | Carrying amount | |
|--------------------------------|--------------------|------------------|
| | 31 Dec. 2024 | 31 Dec. 2023 |
| Property, plant and equipment | \$1,413,950 | \$867,443 |
| Investment property, land | 80,484 | 80,484 |
| Investment property, buildings | 26,183 | 17,915 |
| Total | <u>\$1,520,617</u> | <u>\$965,842</u> |

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of 31 December 2024, the Company's unused letters of credit amounted to CNY12,439 thousand.

(2) As of 31 December 2024, the Company's remaining balance due to construction in progress and loans was \$305,050 thousand.

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
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(3) Information about endorsement and guarantee to others as of 31 December 2024, please refer to Note 13(1)(b).

(4) The Company's major contracts and related payments with constructors and engineering companies are as follows:

| Name of Construction | Contract price (tax included) | Amount paid | Outstanding amount |
|---|----------------------------------|-------------|-----------------------|
| Factory construction of the Wufeng Plant | \$540,000 | \$311,466 | \$228,534 |

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Financial instruments

Financial assets

| | 31 Dec. 2024 | 31 Dec. 2023 |
|--|--------------|--------------|
| Financial assets measured at fair value through other comprehensive income | \$132,808 | \$107,531 |
| Financial assets measured at amortized cost | | |
| Cash and cash equivalents | 1,701,704 | 1,593,521 |
| Contract assets - current | 258,194 | 224,779 |
| Notes receivable | 150,731 | 139,366 |
| Accounts receivable (excluding finance lease receivable) | 1,007,386 | 1,050,573 |
| Finance lease receivable (including current and non-current) | 49,715 | 55,839 |
| Guarantee deposits paid | 15,421 | 11,680 |

Financial liabilities

| | 31 Dec. 2024 | 31 Dec. 2023 |
|--|--------------|--------------|
| Financial liabilities at amortized cost | | |
| Short-term loans | \$4,750 | \$602 |
| Contract liability - current | 239,386 | 193,684 |
| Notes payable | 59 | 890 |
| Accounts payable | 1,564,013 | 1,504,381 |
| Other payables | 935,404 | 732,329 |
| Lease liabilities (including current and non-current) | 299,669 | 213,257 |
| Long-term loans (including current portion with maturity less than 1 year) | 312,000 | 120,000 |

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
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(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

The Company's market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risks (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investment in foreign operating agencies.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The impact of foreign currency appreciation/depreciation on the Company's profit and loss. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD and CNY. The sensitivity analysis information is as follows:

- (a) When the exchange rate of NT\$ to USD is appreciated/depreciated by 1%, the profit and loss of the Company for the years of 2024 and 2023 from 1 January to 31 December is decreased/increased by \$2,279 thousand and \$938 thousand, respectively. The equity is decreased/increased by \$8,209 thousand and \$7,969 thousand, respectively.

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Notes to Parent Company Only Financial Statements (continued)
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- (b) When the exchange rate of NT\$ to CNY is appreciated/depreciated by 1%, the profit and loss of the Company for the years of 2024 and 2023 from 1 January to 31 December is increased/decreased by \$364 thousand and \$1,408 thousand, respectively. The equity is decreased/increased by \$730 thousand and \$772 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's bank borrowings with fixed interest rates.

Equity price risk

The fair value of the Company's listed and unlisted equity securities and the conversion rights in the issued overseas convertible corporate bonds will be affected by the fair value of the uncertainty of the future value of the investment securities. The listed and unlisted equity securities held by the Company are included in the holdings for trading and provisioning, respectively. The conversion rights of the overseas convertible corporate bonds issued are non-compliance with the definition of equity elements, therefore, they are financial liabilities at fair value through profit or loss. The Company manages the equity price risk through diversifying and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors must review and approve all equity investment decisions.

When the price of the Company's listed equity securities held for sale increases/decreases by 1%, the Company's equity would increase/decrease by \$1,188 thousand and \$935 thousand, respectively, from 1 January to 31 December 2024 and 2023.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for contract assets, accounts receivable and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit risk assessment for all customers are based on their financial position, ratings from credit rating agencies, historical experiences, prevailing economic condition and the Company's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures (such as requesting for prepayment).

As of 31 December 2024 and 2023, amounts receivable from top ten customers represented 38.25% and 35.25% of the total trade receivables of the Company, respectively. The credit concentration risk of other accounts receivable is insignificant.

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Notes to Parent Company Only Financial Statements (continued)
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Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank loans and finance leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

| | Less than 1 year | 2 to 3 years | 4 to 5 years | More than 5 years | Total |
|----------------------------|---------------------|--------------|--------------|----------------------|-----------|
| As of 31 Dec. 2024 | | | | | |
| Short-term loans | \$4,750 | \$- | \$- | \$- | \$4,750 |
| Notes and accounts payable | 1,564,072 | - | - | - | 1,564,072 |
| Other payables | 935,404 | - | - | - | 935,404 |
| Long-term loans | 13,603 | 33,926 | 82,096 | 219,455 | 349,080 |
| Lease liabilities | 68,647 | 94,395 | 57,590 | 92,588 | 313,220 |
| As of 31 Dec. 2023 | | | | | |
| Short-term loans | \$602 | \$- | \$- | \$- | \$602 |
| Notes and accounts payable | 1,505,271 | - | - | - | 1,505,271 |
| Other payables | 732,329 | - | - | - | 732,329 |
| Long-term loans | 9,989 | 19,568 | 19,021 | 86,897 | 135,475 |
| Lease liabilities | 55,022 | 67,681 | 38,975 | 60,701 | 222,379 |

(6) Reconciliation of liabilities from financing activities

Information on the reconciliation of liabilities from 1 January to 31 December 2024:

| | Short-term loans | Lease liabilities | Long-term loans (including current portion) | Total |
|--------------------|---------------------|----------------------|---|-----------|
| As of 1 Jan. 2024 | \$602 | \$213,257 | \$120,000 | \$333,859 |
| Non-cash changes | - | 149,463 | - | 149,463 |
| Cash flows | 4,148 | (63,051) | 192,000 | 133,097 |
| As of 31 Dec. 2024 | \$4,750 | \$299,669 | \$312,000 | \$616,419 |

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Notes to Parent Company Only Financial Statements (continued)
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Information on the reconciliation of liabilities from 1 January to 31 December 2023:

| | Short-term loans | Lease liabilities | Long-term loans (including current portion) | Total |
|--------------------|---------------------|----------------------|--|------------------|
| As of 1 Jan. 2023 | \$3,138 | \$214,022 | \$- | \$217,160 |
| Non-cash changes | - | 54,171 | - | 54,171 |
| Cash flows | (2,536) | (54,936) | 120,000 | 62,528 |
| As of 31 Dec. 2023 | <u>\$602</u> | <u>\$213,257</u> | <u>\$120,000</u> | <u>\$333,859</u> |

(7) Fair values of financial instruments

- (a) The methods and assumptions applied in determining the fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- A. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures, etc.) at the reporting date.
- C. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- D. Fair value of bank loans and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.).

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Notes to Parent Company Only Financial Statements (continued)
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(b) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for the fair value measurement hierarchy for financial instruments of the Company.

(8) Derivatives

The Company did not hold any derivatives for trading as of 31 December 2024 and 2023.

(9) Fair value measurement hierarchy

(a) Definition of fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of 31 Dec. 2024

| | Level 1 | Level 2 | Level 3 | Total |
|--|-----------|---------|----------|-----------|
| Assets measured at fair value: | | | | |
| Fair value through other comprehensive income | | | | |
| Equity instruments measured at fair value through other comprehensive gains and losses | \$118,811 | \$- | \$13,997 | \$132,808 |

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Notes to Parent Company Only Financial Statements (continued)
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As of 31 Dec. 2023

| | Level 1 | Level 2 | Level 3 | Total |
|--|----------|---------|----------|-----------|
| Assets measured at fair value: | | | | |
| Fair value through other comprehensive income | | | | |
| Equity instruments measured at fair value through other comprehensive gains and losses | \$93,534 | \$- | \$13,997 | \$107,531 |

Transfer between level 1 and level 2 during the period

During the year of 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period

The assets and liabilities measured by the Company's repetitive fair value are the level 3 of the fair value hierarchy. The adjustment of the opening balance to the ending balance is as follows:

| | Assets |
|--|--|
| | Financial assets measured at fair value through other comprehensive income |
| | Stock |
| As of 1 January 2024 | \$13,997 |
| Total gains and losses recognized in 2024: | |
| Recognized in other comprehensive gains and losses (presented in “Unrealized valuation gains and losses on equity instrument measured at fair value through other comprehensive income”) | - |
| As of 31 December 2024 | \$13,997 |
| As of 1 January 2023 | \$13,997 |
| Total gains and losses recognized in 2023: | |
| Recognized in other comprehensive gains and losses (presented in “Unrealized valuation gains and losses on equity instrument measured at fair value through other comprehensive income”) | - |
| As of 31 December 2023 | \$13,997 |

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Significant unobservable input value information at the Level 3 of the fair value hierarchy

The assets of the Company's fair value hierarchy are measured at the fair value. The significant unobservable inputs for fair value measurement are listed in the following table:

As of 31 December 2024:

| | Valuation techniques | Significant unobservable inputs | Quantitative information | Relationship between inputs and fair value | Sensitivity analysis of the relationship between input value and fair value |
|---|----------------------|---------------------------------|--------------------------|--|---|
| Financial assets: Through other comprehensive gains and losses as measured by fair value | | | | | |
| Stock | Cost method | Discount for lack of liquidity | 35% | The higher the degree of lack of liquidity, the lower the estimated fair value | When the percentage of lack of liquidity increases (decreases) by 1%, the company's equity would decrease/increase by NT\$140 thousand. |

As of 31 December 2023:

| | Valuation techniques | Significant unobservable inputs | Quantitative information | Relationship between inputs and fair value | Sensitivity analysis of the relationship between input value and fair value |
|---|----------------------|---------------------------------|--------------------------|--|---|
| Financial assets: Through other comprehensive gains and losses as measured by fair value | | | | | |
| Stock | Cost method | Discount for lack of liquidity | 35% | The higher the degree of lack of liquidity, the lower the estimated fair value | When the percentage of lack of liquidity increases (decreases) by 1%, the company's equity would decrease/increase by NT\$140 thousand. |

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Valuation process used for Level 3 fair value measurements

The financial department of the Company is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

- (c) Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed.

As of 31 Dec. 2024

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------|----------------|----------------|--------------|
| Listing only fair value assets: | | | | |
| Investment properties (Details refer to Note 6(8)) | \$- | \$- | \$410,974 | \$410,974 |

As of 31 Dec. 2023

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------|----------------|----------------|--------------|
| Listing only fair value assets: | | | | |
| Investment properties (Details refer to Note 6(8)) | \$- | \$- | \$369,714 | \$369,714 |

- (10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

| | 31 Dec. 2024 | | | 31 Dec. 2023 | | |
|------------------------------|-----------------------------|--------------------------|-------------|-----------------------------|--------------------------|-------------|
| | <u>Foreign currency</u> | <u>Exchange rate</u> | <u>NT\$</u> | <u>Foreign currency</u> | <u>Exchange rate</u> | <u>NT\$</u> |
| Unit: thousands | | | | | | |
| <u>Financial assets</u> | | | | | | |
| <u>Monetary item</u> | | | | | | |
| USD | \$7,131 | 32.7810 | \$233,761 | \$3,312 | 30.7350 | \$101,794 |
| CNY | 49,045 | 4.4913 | 220,276 | 23,415 | 4.3338 | 101,476 |
| <u>Financial liabilities</u> | | | | | | |
| <u>Monetary item</u> | | | | | | |
| USD | \$178 | 32.7810 | \$5,835 | \$260 | 30.7350 | \$7,991 |
| CNY | 57,140 | 4.4913 | 256,633 | 55,906 | 4.3338 | 242,285 |

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The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

Due to the wide variety of individual functional currencies of the Company, it is not possible to disclose the exchange gains and losses information of monetary financial assets and financial liabilities in accordance with each significant foreign currency. The net foreign exchange gains of the Company in the year of 2024 and 2023 were \$13,432 thousand and \$3,931 thousand, respectively.

(11) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. OTHER DISCLOSURE

(1) Information of significant transactions:

(a) Loans to others: None.

(b) Provision of endorsement and guarantees to others:

| No. | Endorser/ guarantor (company name) | Endorsed/guaranteed party | | Limit on endorsements/ guarantees provided for a single party (Note 1) | Maximum outstanding endorsement/ guarantee amount during the year | Outstanding endorsement/ guarantee amount at 31 Dec. 2024 (Note 3) | Actual amount drawn down | Amount of endorsements/ guarantees secured with collateral | Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company | Ceiling on total amount of endorsements/ guarantees provided (Note 2) | Provision of endorsements/ guarantees by parent company to subsidiary | Provision of endorsements/ guarantees by subsidiary to parent company | Provision of endorsements/ guarantees to the party in Mainland China |
|-----|---|---|-------------------------------------|---|--|---|-----------------------------------|--|---|--|--|--|---|
| | | Company name | Relationship | | | | | | | | | | |
| 0 | Taiwan Sakura Corporation | Svago International Corporation | Parent company and subsidiary | \$2,288,983 | \$30,000 | \$- | \$- | \$- | 0.00% | \$2,288,983 | Y | N | N |
| 0 | Taiwan Sakura Corporation | SAKURA Home Collection Co., Ltd. | Parent company and subsidiary | 2,288,983 | 125,000 | 125,000 | 50,000 | - | 1.91% | 2,288,983 | Y | N | N |

Note 1: If Taiwan Sakura Corporation provides guarantee endorsement to a single entity in which it directly or indirectly holds more than 50% of the voting shares, its endorsement guarantee limit shall not exceed 35% of the net value of the Company.

Note 2: The total amount of endorsement guarantees of Taiwan Sakura Corporation was limited to 35% of the net value as of 31 December 2024.

Note 3: The amount approved by the Board of Directors should be filled out. However, where the board of directors authorizes the chairman of the Board of Directors to determine the amount in accordance with paragraph 8, Article 12 of the Public Offering Group's Fund Loan and Endorsement Guarantee Processing Guidelines, the amount shall refer to the amount determined by the board.

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c) The holding of securities at the end of the period (excluding subsidiaries, affiliates and joint ventures):

| Holding company | Type of securities | Name of securities | Relationship between issuer of securities and the Company | Account name | End of period | | | | |
|---------------------------|--------------------|---------------------------------------|---|--|-------------------------|-------------|--------------------|------------|------|
| | | | | | Number of shares / unit | Book amount | Shareholding ratio | Fair value | Note |
| Taiwan Sakura Corporation | Stock | Sakura Development Co., Ltd. | - | Financial assets measured at fair value through other comprehensive income - non-current | 2,241,719 | \$118,811 | - | \$118,811 | |
| Taiwan Sakura Corporation | " | Han Sen Asset Management | - | " | 1,300,233 | 10,532 | 0.60% | 10,532 | |
| Taiwan Sakura Corporation | " | Taichung International Entertainment | - | " | 2 | 3,465 | 0.06% | 3,465 | |
| Taiwan Sakura Corporation | " | Grand Hi-Lai Hotel | - | " | 261 | - | - | - | |
| Taiwan Sakura Corporation | " | Yamay International Development Corp. | - | " | 130 | - | - | - | |
| | | | | Total | | \$132,808 | | \$132,808 | |

(d) Acquisition or sale of the same security with the accumulated amount exceeding NT\$300 million or 20% of the Company's paid-in capital or more: None.

(e) Acquisition of real estate reaching NT\$300 million or 20% of paid-up capital or more: None.

(f) Disposal of real estate reaching NT\$300 million or 20% of paid-up capital or more: None.

(g) Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of the paid-up capital or more. The details are as follows:

| Company Name | Counter-party | Relationship | Transactions | | | | Differences in transaction terms compared to third party transactions | | Note and accounts receivable (payable) | | Note |
|---------------------------|---------------------------------|--------------|-------------------|-----------|---------------------------------------|--------------------------------|---|---------|--|---|------|
| | | | Purchases (Sales) | Amount | Percentage of total purchases (sales) | Term | Unit price | Term | Balance | Percentage of total receivables (payable) | |
| Taiwan Sakura Corporation | Svago International Corporation | Subsidiary | Sales | \$378,188 | 4.3% | 3 months after monthly-closing | Product standard cost plus 5% | Regular | \$41,439 | 3.6% | |

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(h) Receivables from related party reaching NT\$100 million than 20% of the paid-up capital or more: None.

(i) Engaged in derivatives trading: None.

(2) Information on investees:

(a) Names, locations, main business items, initial investment amount, shareholding at the end of the period, current profit and loss and the recognized investment income and loss: (excluding investees in mainland China)

| Investor | Investee | Location | Main business items | Initial investment amount | | Shares held as of 31 Dec. 2024 | | | Investee company's current (loss) profit | Investment (loss) income recognized by the Company | Note |
|---------------------------|--|--|--|----------------------------|----------------------------|--------------------------------|---------------|------------|--|--|-------|
| | | | | Balance as of 31 Dec. 2024 | Balance as of 31 Dec. 2023 | Number of shares | Ownership (%) | Book value | | | |
| Taiwan Sakura Corporation | PUDA Industrial Co., Ltd. | No. 118, Section 2, Hefei Road, Haifengli, Qingshui District, Taichung City | Manufacturing and processing of strengthened plastic products; trading of sanitary ware, building materials equipment, machinery and car accessories, etc. | \$101,000 | \$101,000 | 12,800,419 | 43.19% | \$220,224 | \$46,030 | \$19,880 | |
| Taiwan Sakura Corporation | Sakura Enterprise (B.V.I.) Ltd. | Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110. | Investment company | 223,903 | 223,903 | 17,153,171 | 100.00% | 1,750,598 | 104,405 | 104,405 | |
| Taiwan Sakura Corporation | Svago International Corporation | No. 303, Section 4, Yatan Road, Daya District, Taichung City | Gas equipment, parts manufacturing and leasing business | 657,882 | 657,882 | 11,959,750 | 100.00% | 297,272 | 72,982 | 72,409 | NOTE1 |
| Taiwan Sakura Corporation | SAKURA Home Collection Co., Ltd. | 3F., No. 436, Sec. 4, Yatan Rd., Daya Dist., Taichung City | Interior decoration, electrical appliance installation, kitchenware and bathroom equipment installation project | 250,000 | 250,000 | 25,000,000 | 100.00% | 67,561 | 14,190 | 14,190 | NOTE1 |
| Taiwan Sakura Corporation | SAKURA PAN PACIFIC HOLDING (SINGAPORE) PTE. LTD. | 80 Robinson Road #02-00 Singapore | Holding company | USD 4,000,000 | USD 4,000,000 | 4,000,000 | 100.00% | 88,696 | (7,694) | (7,694) | |

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

| Investor | Investee | Location | Main business items | Initial investment amount | | Shares held as of 31 Dec. 2024 | | | Investee company's current (loss) profit | Investment (loss) income recognized by the Company | Note |
|---|----------------------------|---|--|----------------------------|----------------------------|--------------------------------|---------------|------------|--|--|-------|
| | | | | Balance as of 31 Dec. 2024 | Balance as of 31 Dec. 2023 | Number of shares | Ownership (%) | Book value | | | |
| Sakura Enterprise (B.V.I.) Ltd. | SAKURA (CAYMAN) CO., LTD. | P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Raod, Grand Cayman, KY1-1205, Cayman Islands. | Investment company | USD 5,850,000 | USD 5,850,000 | 5,850,000 | 45.00% | 820,949 | 102,714 | 46,221 | NOTE2 |
| SAKURA PAN PACIFIC HOLDINGS (SINGAPOR E) PTE.LTD. | Mekong Trading Corporation | No. 30 Tra Luong Street, Ward 2, Tan Binh District, Ho Chi Minh City | Manufacturing and trading of gas equipment and parts | USD 2,837,166 | USD 2,837,166 | 2,028,000 | 54.99% | 53,281 | (6,374) | (10,217) | NOTE3 |

NOTE1: Gains and losses on investment include the adjustment of the downstream unrealized gross profit.

NOTE2: The current profit or loss of SAKURA (CAYMAN) CO., LTD. included investment income from Sakura Kitchen (China) Co., Ltd. accounted for using equity method.

NOTE3: The investment income from the investees recognized for the current period included the adjustment of the downstream unrealized gross profit and amortization of premium.

(b) Information on major transactions of the investee company with control capabilities:

A. Loans to others: None.

B. Provision of endorsement and guarantees to others, the details are as follows:

| No. | Endorser/ guarantor (company name) | Endorsed/guaranteed party | | Limit on endorsements/ guarantees provided limit for a single party (Note 1) | Maximum outstanding endorsement/ guarantee amount during the year | Outstanding endorsement/ guarantee amount as of 31 Dec. 2024 | Actual amount drawn down | Amount of endorsements/ guarantees secured with collateral | Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarant or company | Maximum limit of endorsement guarantee (Note 2) | The endorsement guarantee amount of the parent company to the subsidiary company | Endorsed by subsidiaries to the parent company | Endorsement guarantee in China |
|-----|--|---------------------------|-------------------------------|--|--|--|-----------------------------------|--|---|---|---|---|--------------------------------------|
| | | Company name | Relationship | | | | | | | | | | |
| 1 | Svago International Corporation | Taiwan Sakura Corporation | Parent company and subsidiary | \$246,246 | \$104,646 | \$73,790 | \$- | \$- | 14.98% | \$590,991 | N | Y | N |

Note 1: The limit of the endorsement of a single enterprise by Svago International Corporation is no more than 50% of the net value of the company.

Note 2: The total amount of endorsement guarantees of Svago International Corporation is limited to 120% of its net value as of 31 Dec. 2024

C. The holding of Securities at the end of the period (excluding investment subsidiaries, affiliates and joint ventures):

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The details of the securities held by Svago International Corporation at the end of the period are as follows:

| Type of securities | Name of securities | Relationship between issuer of securities and the company | Account name | End of period | | | | Note |
|--------------------|-----------------------------------|---|--|-------------------------|------------------|--------------------|------------------|------|
| | | | | Number of shares / unit | Book value | Shareholding ratio | Fair value | |
| Stock | Taiwan Sakura Corporation | Parent company | Financial assets measured at fair value through other comprehensive income | 2,312,932 | \$193,361 | - | \$193,361 | |
| Stock | Sakura Development Co., Ltd. | - | " | 1,662,615 | 88,119 | - | 88,119 | |
| Stock | Taichung International Recreation | - | " | 1 | 1,735 | 0.03% | 1,735 | |
| | | | Total | | <u>\$283,215</u> | | <u>\$283,215</u> | |

- D. Acquisition or sale of the same security with the accumulated amount exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-up capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-up capital or more: None.
- G. Purchase or sale of goods from or to related parties reaching NT\$100 million or 20% of the paid-up capital or more. The details are as follows:

| Company Name | Counter-party | Relationship | Transactions | | | | Differences in transaction terms compared to third party transactions | | Note and accounts receivable (payable) | | Note |
|---------------------------------|---------------------------|----------------|-------------------|-----------|---------------------------------------|--------------------------------|---|---------|--|---|------|
| | | | Purchases (Sales) | Amount | Percentage of total purchases (sales) | Term | Unit price | Term | Balance | Percentage of total receivables (payable) | |
| Svago International Corporation | Taiwan Sakura Corporation | Parent company | Purchases | \$378,188 | 69.16% | 3 months after monthly-closing | Product standard cost plus 5% | Regular | \$(41,439) | (42.88)% | |

- H. Receivables from related party reaching NT\$100 million than 20% of the paid-up capital or more: None.
- I. Engaged in derivatives trading: None.

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Information of investments in Mainland China:

(a) The details of the company's investments in China through the Sakura Enterprise (B.V.I.) Ltd. are as follows:

| Investment company name in China | Main business items | Paid-up capital | Investment method | Accumulated amount of remittance from Taiwan to Mainland China as of 1 Jan. 2024 | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended 31 Dec. 2024 | | Accumulated amount of remittance from Taiwan to Mainland China as of 31 Dec. 2024 | Net income of investee for the year ended 31 Dec. 2024 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognized by the Company for the year ended 31 Dec. 2024 | Book value of investments in Mainland China as of 31 Dec. 2024 | Accumulated amount of investment income remitted back to Taiwan as of 31 Dec. 2024 |
|---|--|---------------------------------|---|--|---|-------------------------|---|--|--|--|--|--|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | |
| Sakura Bath and Kitchen Products (China) Co., Ltd. | Kitchen appliances | \$1,437,216 (RMB320,000,000) | Investing in a third region to set up a company to reinvest in mainland companies | \$397,004 (USD12,110,786) | \$- | \$- | \$397,004 (USD12,110,786) | \$114,316 | 44.39% (Note 3) | \$50,745 | \$885,440 | \$1,386,127 (USD31,811,100) (RMB76,442,715) |
| Sakura Bath and Kitchen Products (Huanan) Co., Ltd. | Kitchen appliances and real estate leasing industry | 458,934 (USD14,000,000) | Investing in a third region to set up a company to reinvest in mainland companies | - | - | - | - | 31,809 | 100.00% | 31,809 | 483,357 | - |
| Kunshan Hongyu Trading Co., Ltd. | Household appliances, electronic products, communication equipment | 3,644 (USD111,159) | Investing in a third region to set up a company to reinvest in mainland companies | - | - | - | - | 486 | 100.00% | 486 | 7,222 | \$4,671 (RMB1,040,000) |
| Kunshan Jingye Consulting Co., Ltd. | Corporate investment, management consulting services | 2,261 (USD 68,977) | Investing in a third region to set up a company to reinvest in mainland companies | - | - | - | - | 288 | 100.00% | 288 | 4,415 | \$2,830 (RMB630,000) |
| Kunshan Yuntian Trading Co., Ltd. | Household appliances, electronic products, communication equipment | 1,933 (USD 58,961) | Investing in a third region to set up a company to reinvest in mainland companies | - | - | - | - | 251 | 100.00% | 251 | 3,896 | \$2,515 (RMB560,000) |

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

| Investment company name in China | Main business items | Paid-up capital | Investment method | Accumulated amount of remittance from Taiwan to Mainland China as of 1 Jan. 2024 | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended 31 Dec. 2024 | | Accumulated amount of remittance from Taiwan to Mainland China as of 31 Dec. 2024 | Net income of investee for the year ended 31 Dec. 2024 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognized by the Company for the year ended 31 Dec. 2024 | Book value of investments in Mainland China as of 31 Dec. 2024 | Accumulated amount of investment income remitted back to Taiwan as of 31 Dec. 2024 |
|-------------------------------------|--|-----------------------|---|--|---|-------------------------|---|--|--|--|--|--|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | |
| Kunshan Haohui Consulting Co., Ltd. | Corporate image, corporate marketing, exhibition planning consultation | 1,858 (USD 56,681) | Investing in a third region to set up a company to reinvest in mainland companies | - | - | - | - | 239 | 100.00% | 239 | 3,712 | \$2,380 (RMB530,000) |
| Kunshan Zhanye Consulting Co., Ltd. | Business information consulting service | 449 (RMB100,000) | Investing in a third region to set up a company to reinvest in mainland companies | - | - | - | - | 6 | 100.00% | 6 | 765 | - |

| At the end of the period, the accumulated amount of remittance from Taiwan to Mainland China | Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) | Ceiling on investment |
|--|--|-----------------------|
| \$397,004 (USD 12,110,786) | \$1,475,229 (USD 45,002,573) (Note 1) | \$3,923,972 (Note 2) |

Note1: The investment amount approved by the MOEA is USD45,002,573 (excluding the amount of surplus remittance), of which USD13,800,000 and USD13,213,043 are the surplus investment of the third regional investment cause (B.V.I.) to reinvest Sakura Kitchen Products (Huanan) Co., Ltd. and Sakura Kitchen Products (China) Co., Ltd. USD1,995,100 are the surplus of the third regional investment business (i.e. B.V.I.) to invest in Kunshan Hongyi Trading Co., Ltd., Kunshan Jingye Consulting Co., Ltd., Kunshan Yuntian Trading Co., Ltd., Kunshan Haohui Consulting Co., Ltd. and Kunshan Zhanye Consulting Co., Ltd.

Note2: According to the regulations of the Investment Commission, Ministry of Economic Affairs, the investment limit of the Group to the mainland is 60% of its net value.

Note3: This is the overall shareholding ratio, including shareholding ratio of 2.78% in B.V.I., the shareholding ratio of 1.11% in Kunshan Honghu Trading Co., Ltd., Kunshan Jingye Consulting Co., Ltd., Kunshan Yuntian Trading Co., Ltd., Kunshan Haohui Consulting Co., Ltd. and Kunshan Zhanye Business Consulting Co., Ltd., and shareholding ratio of 40.50% in SAKURA (CAYMAN) CO., LTD., totaling 44.39%.

(b) For information on major transactions between the company and the mainland reinvestment company and its price and payment terms, please refer to Note 7.

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Information of major shareholders:

As of 31 December 2024

| Shares Name | Ownership (Shares) | Ownership (%) |
|--------------------------------|-----------------------|------------------|
| Jin Rong Investment Co., Ltd. | 14,200,501 | 6.42% |
| Yuan Chi Investment Co., Ltd. | 13,311,536 | 6.02% |
| Ko Li Te Investment, Co., Ltd. | 13,268,176 | 6.00% |

Taiwan Sakura Corporation

Lists of Key Accounting Item

For the year ended 31 December 2024

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Taiwan Sakura Corporation

1. Statement of cash and cash equivalents

31 December 2024

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

| Item | Summary | Amount | Footnote |
|---------------|--|--------------------|---|
| Cash on hand | | \$891 | |
| Cash in banks | Demand deposits - New Taiwan dollar | 1,345,862 | |
| | Demand deposits - foreign currency | 107,866 | USD\$ 2,161 Thousand EUR\$ 111 Thousand JPY\$ 4,740 Thousand CNY\$ 7,178 Thousand VND\$ 13,908 Thousand |
| | Time deposits - foreign currency | 247,085 | USD\$ 4,170 Thousand CNY\$ 24,581 Thousand |
| Total | | <u>\$1,701,704</u> | |

Taiwan Sakura Corporation

2. Statement of contract assets

31 December 2024

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

| Client name | Summary | Amount | Footnote |
|----------------------------|---------|------------------|----------|
| Company A | | \$17,954 | |
| Company B | | 12,574 | |
| Others | | 228,134 | Note |
| Subtotal | | 258,662 | |
| Less: allowance for losses | | (468) | |
| Net amount | | <u>\$258,194</u> | |

Note: The amounts that did not reach 5% of the account balance are listed in others.

Taiwan Sakura Corporation

3. Statement of notes receivable

31 December 2024

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

| Client name | Summary | Amount | Footnote |
|-------------|---------|------------------|----------|
| Company A | | \$13,814 | |
| Company B | | 10,948 | |
| Company C | | 9,726 | |
| Company D | | 7,806 | |
| Others | | 108,437 | Note |
| Total | | <u>\$150,731</u> | |

Note: The amounts that did not reach 5% of the account balance are listed in others.

Taiwan Sakura Corporation

4. Statement of accounts receivable

31 December 2024

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

| Client name | Summary | Amount | Footnote |
|---|---|--------------------|----------|
| Company A | Water heaters, gas stoves and range hoods | \$152,922 | |
| Company B | Water heaters, gas stoves and range hoods | 102,645 | |
| Company C | Water heaters, gas stoves and range hoods | 70,972 | |
| Company D | Water heaters, gas stoves and range hoods | 57,737 | |
| Others | | 579,108 | Note |
| Subtotal | | 963,384 | |
| Less: loss allowance | | (127) | |
| Accounts receivable - related parties - net | | 44,129 | |
| Finance lease receivable from related parties | | 6,955 | |
| Less: unearned finance income due from related parties | | (609) | |
| Net amount | | <u>\$1,013,732</u> | |

Note: The amounts that did not reach 5% of the account balance are listed in others.

Taiwan Sakura Corporation

5. Statement of inventories

31 December 2024

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

| Item | Summary | Cost | Market price | Footnote |
|--|---------|--------------------|--------------------|--|
| Work in progress Raw materials | | \$557,387 | \$557,387 | The method of net realizable value is provided in Note 4.9 |
| Raw materials | | 411,198 | 411,198 | |
| Commodity inventory | | 308,940 | 308,940 | |
| Finished goods | | 280,243 | 405,010 | |
| Total | | <u>1,557,768</u> | <u>\$1,682,535</u> | |
| Less: allowance for market price decline | | <u>(19,474)</u> | | |
| Net amount | | <u>\$1,538,294</u> | | |

Taiwan Sakura Corporation
6. Statement of changes in investment accounted for using equity method
For the year ended 31 December 2024
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

| Name | Beginning Balance | | Additions | | Disposals | | Investment income (loss) recognized by equity method | Cumulative conversion adjustment | Unrealized gains and losses on financial assets | Unrealized gross profit between affiliates | Determined welfare plan actuarial profit and loss | Ending balance | | | Collateral |
|---|-------------------|-------------|------------------|----------------|------------------|----------------|--|----------------------------------|---|--|---|------------------|-----------|-------------|------------|
| | Number of shares | Amount | Number of shares | Amount (Note1) | Number of shares | Amount (Note2) | | | | | | Number of shares | Ownership | Amount | |
| Sakura Enterprise (B.V.I.) Ltd. | 17,153,171 | \$1,671,745 | - | \$- | - | \$(86,152) | \$104,405 | 60,600 | \$- | \$- | \$- | 17,153,171 | 100% | \$1,750,598 | None |
| Svago International Corporation | 11,959,750 | 270,096 | - | 8,974 | - | (72,954) | 72,982 | - | 18,747 | (573) | - | 11,959,750 | 100% | 297,272 | |
| PUDA Industrial Co., Ltd. | 12,800,419 | 218,900 | - | - | - | (19,201) | 19,880 | - | - | - | 645 | 12,800,419 | 43.19% | 220,224 | |
| SAKURA Home Collection Co., Ltd. | 25,000,000 | 53,371 | - | - | - | - | 14,190 | - | - | - | - | 25,000,000 | 100% | 67,561 | |
| SAKURA PAN PACIFIC HOLDINGS (SINGAPORE) PTE. LTD. | 4,000,000 | 96,390 | - | - | - | - | (7,694) | - | - | - | - | 4,000,000 | 100% | 88,696 | |
| Total | | \$2,310,502 | | \$8,974 | | \$(178,307) | \$203,763 | \$60,600 | \$18,747 | \$(573) | \$645 | | | \$2,424,531 | |

Note 1: In the current period, Svago received a cash dividend from Sakura shares, which was distributed at NT\$3.88 per share.

Note 2: Sakura Enterprise (B.V.I.) issued cash dividends of \$86,152, and Svago issued cash dividends of \$72,594.

Taiwan Sakura Corporation
7. Statement of accounts payable

31 December 2024

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

| Item | Summary | Amount | Footnote |
|------------------------------------|---------|---------------------------|----------|
| Voucher A | | \$146,650 | Note |
| Voucher B | | 95,557 | |
| Voucher C | | 91,955 | |
| Others | | 1,225,698 | |
| Subtotal | | <u>1,559,860</u> | |
| Accounts Payable - Related Parties | | <u>4,153</u> | |
| Total | | <u><u>\$1,564,013</u></u> | |

Note: The amounts that did not reach 5% of the account balance are listed in others.

Taiwan Sakura Corporation
8. Statement of lease liabilities

31 December 2024

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

| Item | Summary | Rental period | Discount rate | Balance | Footnote |
|--------------------------|--------------------------|-------------------------|---------------|-------------------------|----------|
| Buildings | Storefront and warehouse | 2016/12/01 ~ 2034/07/31 | 1.3% | \$291,982 | |
| Transportation equipment | Official vehicles | 2021/07/31 ~ 2029/05/29 | 1.3% | 4,647 | |
| Land improvement | Parking lot | 2020/10/01 ~ 2026/09/30 | 1.3% | 3,040 | |
| | | | Total | <u>\$299,669</u> | |
| | | | Current | \$65,173 | |
| | | | Non-current | <u>234,496</u> | |
| | | | Total | <u><u>\$299,669</u></u> | |

Taiwan Sakura Corporation

9. Statement of long-term loans

31 December 2024

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

| Lenders | Summary | Ending Balance | Contract Term | Line of Credit | Interest Rate | Pledge/Guarantee | Note |
|----------------|-----------------------|------------------|-----------------------|------------------|---------------|---------------------------------|------|
| Bank of Taiwan | Secured loans | \$112,000 | 2023/12/01~2038/12/01 | \$276,000 | 1.835% | Daya Magang section | |
| Bank of Taiwan | Secured loans | 200,000 | 2024/09/27~2034/09/27 | 519,000 | 1.875% | Land and Buildings on Wufu Road | |
| | Less: current portion | (8,000) | | - | | | |
| | Total | <u>\$304,000</u> | | <u>\$795,000</u> | | | |

Taiwan Sakura Corporation
10. Statement of net operating income
For the year ended 31 December 2024

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

| Item | Quantity | Amount | Footnote |
|-------------------------|---------------|--------------------|----------|
| Kitchen appliances | 489,880 units | \$2,777,592 | |
| Water heaters | 342,452 units | 2,388,513 | |
| Kitchen cabinets | 53,324 sets | 2,674,183 | Note 1 |
| Domestic sales products | 55,344 units | 526,363 | |
| Others | | 354,472 | Note 2 |
| Net operating income | | <u>\$8,721,123</u> | |

Note 1: Kitchen cabinets: 32,842 (sets) + 20,482(not in set) =53,324 sets

Note 2: The amounts that did not reach 5% of the account balance are listed in others.

Taiwan Sakura Corporation

11. Statement of operating costs

For the year ended 31 December 2024

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

| Item | Amount |
|--|-------------|
| Cost of goods sold | |
| Cost of self-produced goods | |
| Direct materials: beginning of year | \$339,152 |
| Add: Raw materials purchased | 4,612,737 |
| Less: Raw materials, end of year | (411,198) |
| Transferred to expense | (16,481) |
| Scraps | (5,931) |
| Sale of raw materials | (328,687) |
| Inventory shortage | (438) |
| Raw materials consumption | 4,189,154 |
| Direct labor | 402,821 |
| Manufacturing overheads (statement 12) | 455,471 |
| Manufacturing cost | 5,047,446 |
| Add: Work-in-progress, beginning of year | 252,828 |
| Work-in-progress purchased | 85,845 |
| Less: Reversal of expense | (157) |
| Work-in-progress, end of year | (557,387) |
| Cost of finished goods | 4,828,575 |
| Add: Finished goods, beginning of year | 316,133 |
| Finished goods purchased | 6,128 |
| Less: Finished goods, end of year | (280,243) |
| Scraps | (1,990) |
| Finished goods shortage | (112) |
| Transferred to expense | (15,860) |
| Cost of self-produced goods | 4,852,631 |
| Add: Sale of raw materials | 328,687 |
| Subtotal | 5,181,318 |
| Cost of purchased goods | |
| Beginning of the year | 307,419 |
| Add: Purchased | 600,502 |
| Less: End of year | (308,940) |
| Transferred to expense | (1,432) |
| Inventory shortage | (3) |
| Scraps | (710) |
| Cost of purchased goods | 596,836 |
| Other operating costs | |
| Scraps | 8,631 |
| Inventory valuation loss | 5,620 |
| Inventory shortage | 553 |
| Sale of scraps | (3,669) |
| Others | (5,423) |
| Subtotal | 5,712 |
| Total | \$5,783,866 |

Taiwan Sakura Corporation

12. Statement of manufacturing overheads

For the year ended 31 December 2024

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

| Item | Amount | Footnote |
|------------------------|------------------|----------|
| Indirect labor | \$153,658 | |
| Depreciation | 82,759 | |
| Miscellaneous expenses | 42,107 | |
| Insurance | 37,457 | |
| Shipping fees | 40,272 | |
| Utilities expenses | 24,289 | |
| Amortization | 4,282 | |
| Others | 70,647 | Note |
| Total | <u>\$455,471</u> | |

Note: The amounts that did not reach 5% of the account balance are listed in others.

Taiwan Sakura Corporation

13. Statement of operating expenses

For the year ended 31 December 2024

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

| Item | Selling and marketing expenses | Management and administrative expenses | Research and development expenses | Expected credit gains | Total | Footnote |
|----------------------------|--------------------------------|--|-----------------------------------|-----------------------|--------------------|----------|
| Salaries | \$400,310 | \$194,426 | \$61,885 | \$- | \$656,621 | |
| Promotion fee | 333,919 | - | - | - | 333,919 | |
| Advertising fee | 163,679 | 137 | - | - | 163,816 | |
| Miscellaneous expenses | 20,404 | 26,342 | 1,462 | - | 48,208 | |
| Depreciation | 33,824 | 10,699 | 2,427 | - | 46,950 | |
| Service fees | 42,335 | - | - | - | 42,335 | |
| Amortization | 18,461 | 4,195 | 4,715 | - | 27,371 | |
| Professional service fees | 4,403 | 16,158 | 1,039 | - | 21,600 | |
| Commissioned research fees | - | - | 7,530 | - | 7,530 | |
| Others | 162,993 | 64,105 | 12,374 | - | 239,472 | Note |
| Expected credit losses | - | - | - | 2,633 | 2,633 | |
| Total | <u>\$1,180,328</u> | <u>\$316,062</u> | <u>\$91,432</u> | <u>\$2,633</u> | <u>\$1,590,455</u> | |

Note: The amounts that did not reach 5% of the account balance are listed in others.