

**POYA INTERNATIONAL CO., LTD.**

**FINANCIAL STATEMENTS AND INDEPENDENT**

**AUDITORS' REVIEW REPORT**

**JUNE 30, 2024 AND 2023**

---

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## REPORT ON REVIEW OF FINANCIAL STATEMENTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of POYA International Co., Ltd.

### **Introduction**

We have reviewed the accompanying balance sheets of POYA International Co., Ltd. as at June 30, 2024 and 2023, and the related statements of comprehensive income for the three-month and six-month periods then ended, as well as the statements of changes in equity and of cash flows for the six-month periods then ended, and notes to the financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these financial statements based on our reviews.

### **Scope of Review**

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

## Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of the Company as at June 30, 2024 and 2023, and of its financial performance for the three-month and six-month periods then ended and its cash flows for the six-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Hsu, Huei-Yu

Independent Accountants

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

July 29, 2024

-----  
The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors’ report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**POYA INTERNATIONAL CO., LTD.**  
**BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	June 30, 2024		December 31, 2023		June 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 2,883,916	11	\$ 1,993,967	8	\$ 3,834,646	15
1150	Notes receivable, net	6(2)	3,378	-	32,871	-	6,042	-
1170	Accounts receivable, net	6(2)	992,666	4	1,414,451	5	760,545	3
1197	Finance lease receivable, net	6(7)	9,225	-	4,865	-	-	-
1200	Other receivables		4,252	-	8,584	-	3,583	-
130X	Inventories	6(3)	5,603,776	21	5,328,446	21	5,073,956	20
1410	Prepayments	6(4)	47,993	-	40,269	-	56,608	-
1476	Other current financial assets	8	8,287	-	8,287	-	8,287	-
11XX	Total current assets		9,553,493	36	8,831,740	34	9,743,667	38
Non-current assets								
1600	Property, plant and equipment, net	6(5)	3,835,165	14	3,688,219	15	3,431,619	13
1755	Right-of-use assets	6(6) and 7	12,791,992	48	12,596,611	49	11,883,699	47
1840	Deferred income tax assets	6(21)	31,976	-	32,689	-	30,863	-
1920	Refundable deposits	6(6)	489,112	2	468,215	2	448,428	2
194D	Long-term finance lease receivable, net	6(7)	151,414	-	59,404	-	-	-
1975	Net defined benefit asset-non-current	6(10)	7,132	-	5,836	-	9,419	-
1980	Other non-current financial assets	8	11,000	-	11,000	-	11,000	-
1990	Other non-current assets		17,575	-	16,797	-	15,739	-
15XX	Total non-current assets		17,335,366	64	16,878,771	66	15,830,767	62
1XXX	Total assets		\$ 26,888,859	100	\$ 25,710,511	100	\$ 25,574,434	100

(Continued)

**POYA INTERNATIONAL CO., LTD.**  
**BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	June 30, 2024		December 31, 2023		June 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2130	Current contract liabilities	6(14)	\$ 86,759	-	\$ 90,930	-	\$ 91,804	-
2150	Notes payable		93,164	-	95,566	-	61,221	-
2170	Accounts payable		2,843,985	11	3,033,838	12	3,038,229	12
2200	Other payables	6(8)(13)	2,968,574	11	928,210	4	3,067,714	12
2230	Current income tax liabilities	6(21)	321,233	1	367,227	1	281,056	1
2280	Current lease liabilities	6(6) and 7	1,753,240	7	1,737,662	7	1,654,276	7
2310	Receipts in advance		469	-	100	-	469	-
2320	Long-term liabilities, current portion	6(9)	1,051,491	4	1,245,209	5	1,476,329	6
21XX	Total current liabilities		9,118,915	34	7,498,742	29	9,671,098	38
Non-current liabilities								
2540	Long-term borrowings	6(9)	972,773	4	916,145	4	698,936	3
2570	Deferred income tax liabilities	6(21)	6,378	-	6,378	-	5,861	-
2580	Non-current lease liabilities	6(6) and 7	11,120,823	41	10,917,519	42	10,249,831	40
2645	Guarantee deposits received		37,139	-	57,443	-	23,182	-
25XX	Total non-current liabilities		12,137,113	45	11,897,485	46	10,977,810	43
2XXX	Total liabilities		21,256,028	79	19,396,227	75	20,648,908	81
Equity								
	Share capital	6(11)(13)(20)						
3110	Common stock		1,049,362	4	1,034,930	4	1,021,820	4
3150	Stock dividends to be distributed		-	-	-	-	174,718	1
3200	Capital surplus	6(11)(12)	1,255,466	5	1,058,249	4	896,641	3
	Retained earnings	6(11)(13)						
3310	Legal reserve		1,923,960	7	1,671,810	7	1,671,810	6
3350	Unappropriated retained earnings		1,404,043	5	2,549,295	10	1,160,537	5
3XXX	Total equity		5,632,831	21	6,314,284	25	4,925,526	19
Significant Contingent Liabilities and Unrecognized Contract Commitments		9						
3X2X	Total liabilities and equity		\$ 26,888,859	100	\$ 25,710,511	100	\$ 25,574,434	100

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

POYA INTERNATIONAL CO., LTD.  
STATEMENTS OF COMPREHENSIVE INCOME

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	For the three-month periods ended June 30,				For the six-month periods ended June 30,			
		2024		2023		2024		2023	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(14)	\$ 5,627,850	100	\$ 5,280,834	100	\$ 11,501,549	100	\$ 10,574,102	100
5000 Operating costs	6(3)(10)(19)(20)	( 3,158,828)	( 56)	( 3,095,001)	( 59)	( 6,432,537)	( 56)	( 6,019,910)	( 57)
5900 Net operating margin		<u>2,469,022</u>	<u>44</u>	<u>2,185,833</u>	<u>41</u>	<u>5,069,012</u>	<u>44</u>	<u>4,554,192</u>	<u>43</u>
Operating expenses	6(10)(19)(20) and 7								
6100 Selling expenses		( 1,591,735)	( 29)	( 1,427,345)	( 27)	( 3,138,923)	( 27)	( 2,789,268)	( 27)
6200 General and administrative expenses		( 181,980)	( 3)	( 162,529)	( 3)	( 350,891)	( 3)	( 335,330)	( 3)
6000 Total operating expenses		( 1,773,715)	( 32)	( 1,589,874)	( 30)	( 3,489,814)	( 30)	( 3,124,598)	( 30)
6900 Operating profit		<u>695,307</u>	<u>12</u>	<u>595,959</u>	<u>11</u>	<u>1,579,198</u>	<u>14</u>	<u>1,429,594</u>	<u>13</u>
Non-operating income and expenses									
7100 Interest income	6(15)	10,302	-	9,249	-	11,534	-	10,102	-
7010 Other income	6(7)(16)	38,416	1	24,338	1	85,842	1	51,785	1
7020 Other gains and losses	6(6)(17)	35,856	1	( 37)	-	23,573	-	394	-
7050 Finance costs	6(5)(6)(18) and 7	( 43,472)	( 1)	( 40,309)	( 1)	( 86,678)	( 1)	( 80,615)	( 1)
7000 Total non-operating income and expenses		<u>41,102</u>	<u>1</u>	<u>( 6,759)</u>	<u>-</u>	<u>34,271</u>	<u>-</u>	<u>( 18,334)</u>	<u>-</u>
7900 Profit before income tax		<u>736,409</u>	<u>13</u>	<u>589,200</u>	<u>11</u>	<u>1,613,469</u>	<u>14</u>	<u>1,411,260</u>	<u>13</u>
7950 Income tax expense	6(21)	( 147,325)	( 3)	( 114,073)	( 2)	( 322,870)	( 3)	( 278,528)	( 2)
8200 Net income for the period		<u>\$ 589,084</u>	<u>10</u>	<u>\$ 475,127</u>	<u>9</u>	<u>\$ 1,290,599</u>	<u>11</u>	<u>\$ 1,132,732</u>	<u>11</u>
8500 Total comprehensive income for the period		<u>\$ 589,084</u>	<u>10</u>	<u>\$ 475,127</u>	<u>9</u>	<u>\$ 1,290,599</u>	<u>11</u>	<u>\$ 1,132,732</u>	<u>11</u>
Earnings per share (in dollars)	6(22)								
9750 Basic		<u>\$ 5.61</u>		<u>\$ 4.55</u>		<u>\$ 12.31</u>		<u>\$ 10.85</u>	
9850 Diluted		<u>\$ 5.60</u>		<u>\$ 4.54</u>		<u>\$ 12.27</u>		<u>\$ 10.82</u>	

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

POYA INTERNATIONAL CO., LTD.  
STATEMENTS OF CHANGES IN EQUITY  
(Expressed in thousands of New Taiwan dollars)

		Capital	Capital Surplus	Retained Earnings			
	Notes	Common stock	Stock dividends to be distributed	Additional paid-in capital	Legal reserve	Unappropriated retained earnings	Total equity
<u>For the six-month period ended June 30, 2023</u>							
Balance at January 1, 2023		\$1,021,820	\$ -	\$ 896,641	\$ 1,464,426	\$ 2,687,558	\$ 6,070,445
Net income for the six-month period ended June 30, 2023		-	-	-	-	1,132,732	1,132,732
Total comprehensive income for the six-month period ended June 30, 2023		-	-	-	-	1,132,732	1,132,732
Distribution of 2022 net income:							
Legal reserve		-	-	-	207,384	( 207,384 )	-
Cash dividends	6(13)	-	-	-	-	( 2,442,151 )	( 2,442,151 )
Stock dividends	6(11)(13)	-	10,218	-	-	( 10,218 )	-
Employees' stock compensation	6(11)	-	164,500	-	-	-	164,500
Balance at June 30, 2023		<u>\$1,021,820</u>	<u>\$ 174,718</u>	<u>\$ 896,641</u>	<u>\$ 1,671,810</u>	<u>\$ 1,160,537</u>	<u>\$ 4,925,526</u>
<u>For the six-month period ended June 30, 2024</u>							
Balance at January 1, 2024		\$1,034,930	\$ -	\$1,058,249	\$ 1,671,810	\$ 2,549,295	\$ 6,314,284
Net income for the six-month period ended June 30, 2024		-	-	-	-	1,290,599	1,290,599
Total comprehensive income for the six-month period ended June 30, 2024		-	-	-	-	1,290,599	1,290,599
Distribution of 2023 net income:							
Legal reserve		-	-	-	252,150	( 252,150 )	-
Cash dividends	6(13)	-	-	-	-	( 2,173,352 )	( 2,173,352 )
Stock dividends	6(11)(13)	10,349	-	-	-	( 10,349 )	-
Employees' stock compensation	6(11)(20)	4,083	-	197,217	-	-	201,300
Balance at June 30, 2024		<u>\$1,049,362</u>	<u>\$ -</u>	<u>\$1,255,466</u>	<u>\$ 1,923,960</u>	<u>\$ 1,404,043</u>	<u>\$ 5,632,831</u>

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

**POYA INTERNATIONAL CO., LTD.**  
**STATEMENTS OF CASH FLOWS**  
(Expressed in thousands of New Taiwan dollars)

		For the six-month periods ended June 30,	
	Notes	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 1,613,469	\$ 1,411,260
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(6)(19)	1,326,451	1,248,354
Loss on disposal of property, plant and equipment	6(17)	18,407	521
Gain from lease modification	6(6)(17)	( 1,982 )	( 915 )
Income from subleasing right-of-use assets	6(17)	( 39,998 )	-
Interest income	6(15)	( 11,534 )	( 10,102 )
Interest expense	6(18)	86,678	80,615
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		29,493	( 1,639 )
Accounts receivable		421,785	482,790
Other receivables		4,332	854
Inventories	(	275,330 )	( 98,715 )
Prepayments	(	7,724 )	4,777
Net defined benefit assets-non-current	(	1,296 )	( 1,290 )
Changes in operating liabilities			
Current contract liabilities	(	4,171 )	( 6,220 )
Notes payable	(	2,402 )	16,049
Accounts payable	(	189,853 )	( 137,260 )
Other payables		79,949	62,128
Receipts in advance		369	369
Cash inflow generated from operations		3,046,643	3,051,576
Interest received		11,534	10,102
Interest paid	(	86,678 )	( 80,615 )
Income tax paid	(	368,151 )	( 293,070 )
Net cash flows from operating activities		2,603,348	2,687,993
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Increase in finance lease receivables		3,075	-
Acquisition of property, plant and equipment	6(23)	( 506,207 )	( 442,478 )
Interest paid for acquisition of property, plant and equipment	6(5)(18)(23)	( 1,155 )	( 533 )
Proceeds from disposal of property, plant and equipment		3,047	4,068
Acquisition of right-of-use assets	6(6)	( 85,891 )	( 20,761 )
Increase in refundable deposits	(	20,897 )	( 9,297 )
Increase in other non-current assets	(	778 )	( 921 )
Net cash flows used in investing activities	(	608,806 )	( 469,922 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term borrowings	6(24)	660,000	700,000
Repayment of long-term borrowings	6(24)	( 797,090 )	( 790,613 )
Repayment of lease principal	6(24)	( 947,199 )	( 883,292 )
(Decrease) increase in guarantee deposits received	6(24)	( 20,304 )	3,181
Net cash flows used in financing activities	(	1,104,593 )	( 970,724 )
Net increase in cash and cash equivalents		889,949	1,247,347
Cash and cash equivalents at beginning of period	6(1)	1,993,967	2,587,299
Cash and cash equivalents at end of period	6(1)	\$ 2,883,916	\$ 3,834,646

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



POYA INTERNATIONAL CO., LTD.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

**1. HISTORY AND ORGANIZATION**

(1) POYA International Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in selling fashion accessories, arts and crafts, food, stationery, hardware and a variety of products.

(2) The common shares of the Company have been listed on the Taipei Exchange since September 2002.

**2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION**

These financial statements were authorized for issuance by the Board of Directors on July 29, 2024.

**3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS<sup>®</sup>”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments as endorsed by the FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board (“IASB”)
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial Instruments'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for IFRS 18, 'Presentation and disclosure in financial statements', the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Except for the compliance statement, basis of preparation, and the additional policies described below, the other principal accounting policies are in agreement with Note 4 of the financial statements for the year ended December 31, 2023. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.

B. The financial statements should be read together with the financial statements for the year ended December 31, 2023.

(2) Basis of preparation

A. Except for the following items, these financial statements have been prepared under the historical cost convention:

Defined benefit assets are recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires that use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5, "Critical accounting judgements, estimates and key sources of assumption uncertainty".

(3) Employee benefits

Defined benefit plan

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(4) Income tax

A. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

B. If a change in tax rate is enacted or substantively enacted in an interim period, the Company recognizes the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There have been no significant changes during the period. Refer to Note 5 of the financial statements for the year ended December 31, 2023.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand	\$ 52,587	\$ 49,620	\$ 46,678
Checking deposits and demand deposits	2,831,329	1,944,347	3,787,968
	<u>\$ 2,883,916</u>	<u>\$ 1,993,967</u>	<u>\$ 3,834,646</u>

- A. The Company transacts with a variety of financial institutions all with high credit rankings to diversify credit risk, so it expects that the probability of counterparty default is remote.
- B. As of June 30, 2024, December 31, 2023 and June 30, 2023, details of the Company's cash and cash equivalents pledged to others as collateral are provided in Note 8, "Pledged assets".

(2) Notes and accounts receivable, net

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable	\$ 3,378	\$ 32,871	\$ 6,042
Accounts receivable - sponsorship	\$ 769,046	\$ 1,223,202	\$ 666,799
Accounts receivable - customers	223,620	191,249	93,746
	<u>\$ 992,666</u>	<u>\$ 1,414,451</u>	<u>\$ 760,545</u>

- A. The Company has no past due notes and accounts receivable as of June 30, 2024, December 31, 2023 and June 30, 2023.
- B. As of June 30, 2024, December 31, 2023 and June 30, 2023, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables (including notes receivable) from contracts with customers amounted to \$1,247,738.
- C. As of June 30, 2024, December 31, 2023 and June 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was its book value.
- D. The Company did not hold any collateral as security as of June 30, 2024, December 31, 2023 and June 30, 2023.
- E. Information relating to credit risk of accounts receivable is provided in Note 12(2), "Financial instruments".

(3) Inventories

June 30, 2024			
	Cost	Allowance for price decline of inventories	Carrying amount
Merchandise	<u>\$ 5,603,776</u>	<u>\$ -</u>	<u>\$ 5,603,776</u>
December 31, 2023			
	Cost	Allowance for price decline of inventories	Carrying amount
Merchandise	<u>\$ 5,328,446</u>	<u>\$ -</u>	<u>\$ 5,328,446</u>
June 30, 2023			
	Cost	Allowance for price decline of inventories	Carrying amount
Merchandise	<u>\$ 5,073,956</u>	<u>\$ -</u>	<u>\$ 5,073,956</u>

The cost of inventories recognized as expense for the period:

	For the three-month periods ended June 30,	
	2024	2023
Cost of inventories sold	\$ 3,121,362	\$ 3,046,388
Loss on physical inventory	37,466	48,613
	<u>\$ 3,158,828</u>	<u>\$ 3,095,001</u>
	For the six-month periods ended June 30,	
	2024	2023
Cost of inventories sold	\$ 6,385,776	\$ 5,953,517
Loss on physical inventory	46,761	66,393
	<u>\$ 6,432,537</u>	<u>\$ 6,019,910</u>

(4) Prepayments

	June 30, 2024	December 31, 2023	June 30, 2023
Overpaid value-added tax	\$ 23,552	\$ 22,660	\$ 21,920
Other prepaid expenses	24,441	17,609	34,688
	<u>\$ 47,993</u>	<u>\$ 40,269</u>	<u>\$ 56,608</u>

(5) Property, plant and equipment

	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment before acceptance inspection	Total
<u>At January 1, 2024</u>						
Cost	\$ 37,403	\$ 1,078,856	\$ 4,125,463	\$ 633,657	\$ 127,614	\$ 6,002,993
Accumulated depreciation	( 17,683)	( 590,577)	( 1,546,769)	( 159,745)	-	( 2,314,774)
	<u>\$ 19,720</u>	<u>\$ 488,279</u>	<u>\$ 2,578,694</u>	<u>\$ 473,912</u>	<u>\$ 127,614</u>	<u>\$ 3,688,219</u>
<u>For the six-month period ended June 30, 2024</u>						
At January 1	\$ 19,720	\$ 488,279	\$ 2,578,694	\$ 473,912	\$ 127,614	\$ 3,688,219
Additions	-	-	-	-	495,725	495,725
Transferred after acceptance inspection	9,929	135,039	331,169	54,487	( 530,624)	-
Depreciation	( 3,552)	( 102,956)	( 197,280)	( 23,537)	-	( 327,325)
Disposal-Cost	( 6,517)	( 141,762)	( 180,673)	( 9,144)	-	( 338,096)
-Accumulated depreciation	<u>6,000</u>	<u>127,837</u>	<u>174,978</u>	<u>7,827</u>	<u>-</u>	<u>316,642</u>
At June 30	<u>\$ 25,580</u>	<u>\$ 506,437</u>	<u>\$ 2,706,888</u>	<u>\$ 503,545</u>	<u>\$ 92,715</u>	<u>\$ 3,835,165</u>
<u>At June 30, 2024</u>						
Cost	\$ 40,815	\$ 1,072,133	\$ 4,275,959	\$ 679,000	\$ 92,715	\$ 6,160,622
Accumulated depreciation	( 15,235)	( 565,696)	( 1,569,071)	( 175,455)	-	( 2,325,457)
	<u>\$ 25,580</u>	<u>\$ 506,437</u>	<u>\$ 2,706,888</u>	<u>\$ 503,545</u>	<u>\$ 92,715</u>	<u>\$ 3,835,165</u>

	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment before acceptance inspection	Total
<u>At January 1, 2023</u>						
Cost	\$ 36,522	\$ 1,174,598	\$ 3,796,109	\$ 543,635	\$ 30,596	\$ 5,581,460
Accumulated depreciation	( 19,010)	( 628,369)	( 1,467,880)	( 126,797)	-	( 2,242,056)
	<u>\$ 17,512</u>	<u>\$ 546,229</u>	<u>\$ 2,328,229</u>	<u>\$ 416,838</u>	<u>\$ 30,596</u>	<u>\$ 3,339,404</u>
For the six-month period <u>ended June 30, 2023</u>						
At January 1	\$ 17,512	\$ 546,229	\$ 2,328,229	\$ 416,838	\$ 30,596	\$ 3,339,404
Additions	-	-	-	-	415,537	415,537
Transferred after acceptance inspection	6,895	59,426	290,291	46,905	( 403,517)	-
Depreciation	( 3,794)	( 109,364)	( 184,825)	( 20,750)	-	( 318,733)
Disposal-Cost	( 5,833)	( 130,589)	( 115,458)	( 5,553)	-	( 257,433)
-Accumulated depreciation	<u>4,788</u>	<u>129,255</u>	<u>113,263</u>	<u>5,538</u>	<u>-</u>	<u>252,844</u>
At June 30	<u>\$ 19,568</u>	<u>\$ 494,957</u>	<u>\$ 2,431,500</u>	<u>\$ 442,978</u>	<u>\$ 42,616</u>	<u>\$ 3,431,619</u>
<u>At June 30, 2023</u>						
Cost	\$ 37,584	\$ 1,103,435	\$ 3,970,942	\$ 584,987	\$ 42,616	\$ 5,739,564
Accumulated depreciation	( 18,016)	( 608,478)	( 1,539,442)	( 142,009)	-	( 2,307,945)
	<u>\$ 19,568</u>	<u>\$ 494,957</u>	<u>\$ 2,431,500</u>	<u>\$ 442,978</u>	<u>\$ 42,616</u>	<u>\$ 3,431,619</u>

- A. The property, plant and equipment were all owner-occupied as of June 30, 2024, December 31, 2023 and June 30, 2023.
- B. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of interest rates for such capitalization are as follows:

	For the three-month periods ended June 30,	
	2024	2023
Amount capitalized	\$ 475	\$ 295
Interest rate range	1.64% ~ 1.79%	1.45% ~ 1.90%

  

	For the six-month periods ended June 30,	
	2024	2023
Amount capitalized	\$ 1,155	\$ 533
Interest rate range	1.64% ~ 1.86%	1.17% ~ 2.33%

- C. As of June 30, 2024, December 31, 2023 and June 30, 2023, no property, plant and equipment was pledged to others.

(6) Leasing arrangements-lessee

- A. The Company leases various assets including buildings and structures, machinery and other equipment. Rental contracts are typically made for periods of 3 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The Company has lease contracts with the key management and non-related parties. The lease terms are between 3 to 20 years. As of June 30, 2024, December 31, 2023 and June 30, 2023, the amounts of deposits paid in accordance with the lease contracts were \$484,397, \$465,512 and \$442,433, respectively and were classified as “Refundable deposits”.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
	Carrying amount	Carrying amount	Carrying amount
Buildings and structures	\$ 12,770,011	\$ 12,574,811	\$ 11,864,720
Machinery and equipment	14,071	13,030	9,349
Other equipment	7,910	8,770	9,630
	<u>\$ 12,791,992</u>	<u>\$ 12,596,611</u>	<u>\$ 11,883,699</u>

  

	For the three-month periods ended June 30,	
	2024	2023
	Depreciation charge	Depreciation charge
Buildings and structures	\$ 501,072	\$ 466,462
Machinery and equipment	1,451	1,399
Other equipment	429	437
	<u>\$ 502,952</u>	<u>\$ 468,298</u>



	For the six-month periods ended June 30,	
	2024	2023
	Depreciation charge	Depreciation charge
Buildings and structures	\$ 995,315	\$ 925,946
Machinery and equipment	2,952	2,798
Other equipment	859	877
	<u>\$ 999,126</u>	<u>\$ 929,621</u>

D. For the three-month periods and the six-month periods ended June 30, 2024 and 2023, the additions to right-of-use assets were \$76,212, \$10,892, \$85,891, and \$20,761, respectively, and the additions from remeasurement of right-of-use assets were \$644,760, \$266,825, \$1,168,063, and \$1,135,066, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	For the three-month periods ended June 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 39,239	\$ 34,140
Expense on short-term lease contracts	9,513	3,313
Expense on leases of low-value assets	48	72
Expense on variable lease payments	24,018	20,676
Gain on sublease of right-of-use assets	( 30,501)	( 16,379)
Gain from lease modification	( 1,314)	( 672)

	For the six-month periods ended June 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 77,188	\$ 68,410
Expense on short-term lease contracts	11,382	6,054
Expense on leases of low-value assets	120	168
Expense on variable lease payments	49,730	40,971
Gain on sublease of right-of-use assets	( 60,292)	( 33,528)
Gain from lease modification	( 1,982)	( 915)

F. For the three-month periods and the six-month periods ended June 30, 2024 and 2023, the Company's total cash outflow for leases were \$624,209, \$514,722, \$1,171,510, and \$1,019,656, respectively.

G. Variable lease payments

Some of the Company's lease contracts contain variable lease payment terms that are linked to sales generated from a store. For individual stores, up to 13%~14% of lease payments are on the basis of variable payment terms and are accrued based on the sales amount. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs for newly established stores. Various lease payments that depend on sales are recognized in profit or loss in the period in which the event or condition that triggers those payments occurs.

#### H. Extension and termination options

- a. Extension options are included in approximately 96.46% of the Company's lease contracts pertaining to retail stores. These terms and conditions aim to maximize optional flexibility in terms of managing contracts.
- b. In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

#### (7) Leasing arrangements – lessor

- A. The Company subleases underlying right-of-use assets — buildings and structures. Rental contracts are made for a period between 12 to 18 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. The Company leases right-of-use assets — buildings and structures under a finance lease. Information on profit or loss in relation to lease contracts is as follows:

	For the three-month period ended June 30, 2024
Finance income from the net investment in the finance lease	\$ 482
	For the six-month period ended June 30, 2024
Finance income from the net investment in the finance lease	\$ 681

There was no such transaction for the three-month period and the six-month period ended June 30, 2023.

- C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	June 30, 2024	December 31, 2023
Within 1 year	\$ 11,640	\$ 5,640
2-5 years	47,110	22,795
Over 5 years	123,335	40,833
	<u>\$ 182,085</u>	<u>\$ 69,268</u>

There was no such transaction as of June 30, 2023.

- D. Reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided as follows:

	June 30, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Undiscounted lease payments	\$ 11,640	\$ 170,446	\$ 5,640	\$ 63,628
Unearned finance income	( 2,415)	( 19,032)	( 775)	( 4,224)
Net investment in the lease	<u>\$ 9,225</u>	<u>\$ 151,414</u>	<u>\$ 4,865</u>	<u>\$ 59,404</u>

There was no such transaction as of June 30, 2023.

E. The Company has no overdue lease receivables from the lessee, and the amount of loss arising from credit risk is assessed to be insignificant.

F. For the three-month periods and the six-month periods ended June 30, 2024 and 2023, the Company recognized rent income in the amounts of \$30,019, \$16,379, \$59,611, and \$33,528, respectively, based on the operating lease agreement, which does not include variable lease payments.

G. The maturity analysis of the lease payments under the operating leases is as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Within 1 year	\$ 178,687	\$ 115,498	\$ 103,906
2-5 years	652,902	414,475	430,780
Over 5 years	467,451	200,235	241,790
	<u>\$ 1,299,040</u>	<u>\$ 730,208</u>	<u>\$ 776,476</u>

(8) Other payables

	June 30, 2024	December 31, 2023	June 30, 2023
Dividends payable	\$ 2,173,352	\$ -	\$ 2,442,151
Salaries and bonuses payable	349,055	393,334	303,698
Accrued employees' compensation and directors' remuneration	111,895	207,080	98,320
Labor and health insurance payable	48,111	47,482	42,520
Equipment payable	65,763	77,400	18,071
Others	220,398	202,914	162,954
	<u>\$ 2,968,574</u>	<u>\$ 928,210</u>	<u>\$ 3,067,714</u>

(9) Long-term borrowings

Nature	Borrowing period	Range of interest rates	Collateral	June 30, 2024
Long-term bank borrowings				
Unsecured bank borrowings	7.7.2021 ~ 5.29.2027	1.70% ~ 2.22%	None	\$ 2,024,264
Less: Current portion of long-term borrowings				( 1,051,491)
				<u>\$ 972,773</u>
Nature	Borrowing period	Range of interest rates	Collateral	December 31, 2023
Long-term bank borrowings				
Unsecured bank borrowings	5.13.2021 ~ 8.14.2026	1.69% ~ 2.09%	None	\$ 2,161,354
Less: Current portion of long-term borrowings				( 1,245,209)
				<u>\$ 916,145</u>

<u>Nature</u>	<u>Borrowing period</u>	<u>Range of interest rates</u>	<u>Collateral</u>	<u>June 30, 2023</u>
Long-term bank borrowings				
Unsecured bank borrowings	12.7.2020～ 5.24.2026	1.65%～2.09%	None	\$ 2,175,265
Less: Current portion of long-term borrowings				( 1,476,329)
				<u>\$ 698,936</u>

For more information about interest expenses recognized by the Company for the three-month periods and the six-month periods ended June 30, 2024 and 2023, refer to Note 6(18), “Finance costs”.

(10) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March. Information on the Company’s aforementioned pension plan is as follows:

- a. For the aforementioned pension plan, the Company recognized pension costs of (\$11), (\$10), (\$16), and (\$21) for the three-month periods and the six-month periods ended June 30, 2024 and 2023, respectively.
- b. Expected contributions to the defined benefit pension plan of the Company for 2024 amount to \$2,491.

- B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the three-month periods and the six-month periods ended June 30, 2024 and 2023 were \$32,717, \$28,289, \$65,390, and \$55,379, respectively.

(11) Common stock

- A. Movements in the number of the Company’s ordinary shares outstanding are as follows (in thousands of shares):

	For the six-month periods ended June 30,	
	2024	2023
Balance at January 1	103,493	102,182
Stock dividends	1,035	-
Employees’ stock compensation	408	-
Balance at June 30	<u>104,936</u>	<u>102,182</u>

- B. On May 30, 2023, the Company’s shareholders during their meeting adopted a resolution and reported to shareholders at its meeting to issue new shares of common stock through capitalization of unappropriated retained earnings of \$10,218 and employees’ compensation payable of \$164,500. As approved by the Securities and Futures Bureau, Financial Supervisory Commission, the effective date of the capitalization was set on July 15, 2023. Of the amount of \$164,500 employees’ stock compensation, 289 thousand shares were calculated based on the fair value per share at the preceding day of the Board of Directors’ meeting, after taking into account the effects of ex-rights and ex-dividends. Amounts arising in excess of par value on issuance are classified as capital surplus-additional paid-in capital.
- C. On May 28, 2024, the Company’s shareholders during their meeting adopted a resolution and reported to shareholders at its meeting to issue new shares of common stock through capitalization of unappropriated retained earnings of \$10,349 and employees’ compensation payable of \$201,300. As approved by the Securities and Futures Bureau, Financial Supervisory Commission, the effective date of the capitalization was set on June 29, 2024. As at July 29, 2024, the shares had been registered with the competent authority but has not been approved by the competent authority. Of the amount of \$201,300 employees’ stock compensation, 408 thousand shares were calculated based on the fair value per share at the preceding day of the Board of Directors’ meeting, after taking into account the effects of ex-rights and ex-dividends. Amounts arising in excess of par value on issuance are classified as capital surplus-additional paid-in capital.

D. As of June 30, 2024, the Company's total authorized capital was \$1,200,000 (including \$20,000 reserved for employee stock options) and the paid-in capital was \$1,034,930 (103,493 thousand shares) with par value of \$10 (in dollars) per share.

(12) Capital surplus

Pursuant to the Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is used.

(13) Retained earnings

- A. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks or distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital.
- B. As the Company operates in a volatile business environment and is in stable growth stage, the appropriation of earnings should consider fund requirements and capital budget in determining how much earnings will be kept or distributed and how much cash dividends will be distributed. Under the Company's Articles of Incorporation, 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve. The remaining net income is the distributable net profit of this period, which is added to the unappropriated retained earnings from prior years to arrive at the accumulated distributable net profit. After considering business environment, future operations, the need for reinvestment, etc., the Board of Directors will propose a resolution for the distribution of earnings which will be approved at the shareholders' meeting. The distributable net profit shall be appropriated as: 50%~100% of accumulated distributable net profit will be appropriated as dividends and bonuses to shareholders, with cash dividends being at least 1% of the total dividends. Amounts shall be distributed as stock dividends when the cash dividend per share is less than \$0.5 (in dollars). The Company's Board of Directors distributed all or part of the distributable dividends and bonuses in cash through a resolution adopted by a majority vote at its meeting attended by two-thirds of the total number of directors and reported it to the shareholders' meeting. The aforementioned regulations of requiring the resolutions from the shareholders are not applicable.
- C. In accordance with the regulations, the Company shall set aside special reserve arising from the debit balance in other equity items at the balance sheet date before distributing earnings. When debit balance in other equity items is reversed subsequently, an equal amount could then be used for distribution.

D. The Company recognized cash dividends distributed to owners in 2023 amounting to \$2,442,151 (\$23.9 dollars per share) and the distribution of stock dividends of \$10,218 (\$0.1 dollars per share). The distribution of cash dividends from 2023 earnings was resolved by the Board of Directors on February 26, 2024 and reported at the shareholders' meeting on May 28, 2024. The distribution includes a cash dividend of NT\$2,173,352 (\$21 dollars per share), which has not yet been paid (shown as "Other payables"). On May 28, 2024, the shareholders' meeting also resolved to distribute a stock dividends of \$10,349 (\$0.1 dollar per share) from 2023 earnings.

(14) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time as follows:

	For the three-month periods ended June 30,	
	2024	2023
Merchandise sales	\$ 5,595,322	\$ 5,244,041
License income	32,528	36,793
	<u>\$ 5,627,850</u>	<u>\$ 5,280,834</u>
	For the six-month periods ended June 30,	
	2024	2023
Merchandise sales	\$ 11,440,431	\$ 10,507,155
License income	61,118	66,947
	<u>\$ 11,501,549</u>	<u>\$ 10,574,102</u>

B. Contract assets and liabilities

As of June 30, 2024, January 1, 2024 (December 31, 2023), June 30, 2023 and January 1, 2023, the Company has no revenue-related contract assets, and the Company has recognized the following revenue-related contract liabilities:

	June 30, 2024	January 1, 2024 (December 31, 2023)	June 30, 2023	January 1, 2023
Contract liabilities:				
– Customer loyalty programmes	\$ 57,970	\$ 63,995	\$ 66,389	\$ 71,965
– Unearned receipts	28,789	26,935	25,415	26,059
	<u>\$ 86,759</u>	<u>\$ 90,930</u>	<u>\$ 91,804</u>	<u>\$ 98,024</u>

a. Significant changes in contract assets and liabilities

The Company has no significant changes in contract assets and liabilities for the three-month periods and the six-month periods ended June 30, 2024 and 2023.

- b. Revenue recognized that was included in the contract liability balance at the beginning of the period is shown below:

	For the six-month periods ended June 30,	
	2024	2023
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Customer loyalty programmes	\$ 29,684	\$ 40,200
Unearned receipts	26,935	26,059
	<u>\$ 56,619</u>	<u>\$ 66,259</u>

(15) Interest income

	For the three-month periods ended June 30,	
	2024	2023
Interest income from bank deposits	\$ 9,182	\$ 8,794
Other interest income	1,120	455
	<u>\$ 10,302</u>	<u>\$ 9,249</u>
	For the six-month periods ended June 30,	
	2024	2023
Interest income from bank deposits	\$ 9,294	\$ 8,860
Other interest income	2,240	1,242
	<u>\$ 11,534</u>	<u>\$ 10,102</u>

(16) Other income

	For the three-month periods ended June 30,	
	2024	2023
Rental income	\$ 30,019	\$ 16,379
Other income	8,397	7,959
	<u>\$ 38,416</u>	<u>\$ 24,338</u>
	For the six-month periods ended June 30,	
	2024	2023
Rental income	\$ 59,611	\$ 33,528
Other income	26,231	18,257
	<u>\$ 85,842</u>	<u>\$ 51,785</u>



(17) Other gains and losses

	For the three-month periods ended June 30,	
	2024	2023
Loss on disposal of property, plant and equipment	(\$ 5,456)	(\$ 709)
Income from subleasing right-of-use assets	39,998	-
Gain from lease modification	1,314	672
	<u>\$ 35,856</u>	<u>(\$ 37)</u>
	For the six-month periods ended June 30,	
	2024	2023
Loss on disposal of property, plant and equipment	(\$ 18,407)	(\$ 521)
Income from subleasing right-of-use assets	39,998	-
Gain from lease modification	1,982	915
	<u>\$ 23,573</u>	<u>\$ 394</u>

(18) Finance costs

	For the three-month periods ended June 30,	
	2024	2023
Interest expense:		
Bank borrowings	\$ 8,909	\$ 9,548
Others	35,038	31,056
Less: Capitalization of qualifying assets	( 475)	( 295)
	<u>\$ 43,472</u>	<u>\$ 40,309</u>
	For the six-month periods ended June 30,	
	2024	2023
Interest expense:		
Bank borrowings	\$ 18,053	\$ 18,863
Others	69,780	62,285
Less: Capitalization of qualifying assets	( 1,155)	( 533)
	<u>\$ 86,678</u>	<u>\$ 80,615</u>

(19) Expenses by nature

	For the three-month period ended June 30, 2024		
	Operating expenses	Operating costs	Total
Employee benefit expense	\$ 763,239	\$ 74,279	\$ 837,518
Depreciation	<u>\$ 626,646</u>	<u>\$ 40,679</u>	<u>\$ 667,325</u>
	For the three-month period ended June 30, 2023		
	Operating expenses	Operating costs	Total
Employee benefit expense	\$ 672,306	\$ 62,866	\$ 735,172
Depreciation	<u>\$ 593,114</u>	<u>\$ 34,460</u>	<u>\$ 627,574</u>

	For the six-month period ended June 30, 2024		
	Operating expenses	Operating costs	Total
Employee benefit expense	\$ 1,519,611	\$ 143,487	\$ 1,663,098
Depreciation	\$ 1,249,782	\$ 76,669	\$ 1,326,451

	For the six-month period ended June 30, 2023		
	Operating expenses	Operating costs	Total
Employee benefit expense	\$ 1,301,565	\$ 126,397	\$ 1,427,962
Depreciation	\$ 1,181,132	\$ 67,222	\$ 1,248,354

(20) Employee benefit expenses

	For the three-month period ended June 30, 2024		
<u>Full time employees</u>	Operating expenses	Operating costs	Total
Wages and salaries	\$ 559,856	\$ 29,123	\$ 588,979
Labor and health insurance expense	56,737	2,985	59,722
Pension costs	25,928	1,507	27,435
Other personnel expenses	3,202	-	3,202
	<u>\$ 645,723</u>	<u>\$ 33,615</u>	<u>\$ 679,338</u>

	For the three-month period ended June 30, 2024		
<u>Part time employees</u>	Operating expenses	Operating costs	Total
Wages and salaries	\$ 99,767	\$ 1,471	\$ 101,238
Labor and health insurance expense	12,478	-	12,478
Pension costs	5,271	-	5,271
Other personnel expenses	-	39,193	39,193
	<u>\$ 117,516</u>	<u>\$ 40,664</u>	<u>\$ 158,180</u>

	For the three-month period ended June 30, 2023		
<u>Full time employees</u>	Operating expenses	Operating costs	Total
Wages and salaries	\$ 502,684	\$ 24,079	\$ 526,763
Labor and health insurance expense	50,799	2,438	53,237
Pension costs	22,973	1,267	24,240
Other personnel expenses	3,693	-	3,693
	<u>\$ 580,149</u>	<u>\$ 27,784</u>	<u>\$ 607,933</u>

	For the three-month period ended June 30, 2023		
<u>Part time employees</u>	Operating expenses	Operating costs	Total
Wages and salaries	\$ 78,113	\$ 1,071	\$ 79,184
Labor and health insurance expense	10,005	-	10,005
Pension costs	4,039	-	4,039
Other personnel expenses	-	34,011	34,011
	<u>\$ 92,157</u>	<u>\$ 35,082</u>	<u>\$ 127,239</u>

	For the six-month period ended June 30, 2024		
<u>Full time employees</u>	<u>Operating expenses</u>	<u>Operating costs</u>	<u>Total</u>
Wages and salaries	\$ 1,110,214	\$ 53,019	\$ 1,163,233
Labor and health insurance expense	116,566	5,572	122,138
Pension costs	52,134	2,863	54,997
Other personnel expenses	6,476	-	6,476
	<u>\$ 1,285,390</u>	<u>\$ 61,454</u>	<u>\$ 1,346,844</u>

	For the six-month period ended June 30, 2024		
<u>Part time employees</u>	<u>Operating expenses</u>	<u>Operating costs</u>	<u>Total</u>
Wages and salaries	\$ 199,130	\$ 2,844	\$ 201,974
Labor and health insurance expense	24,714	-	24,714
Pension costs	10,377	-	10,377
Other personnel expenses	-	79,189	79,189
	<u>\$ 234,221</u>	<u>\$ 82,033</u>	<u>\$ 316,254</u>

	For the six-month period ended June 30, 2023		
<u>Full time employees</u>	<u>Operating expenses</u>	<u>Operating costs</u>	<u>Total</u>
Wages and salaries	\$ 975,251	\$ 47,708	\$ 1,022,959
Labor and health insurance expense	102,105	5,030	107,135
Pension costs	45,329	2,561	47,890
Other personnel expenses	6,604	-	6,604
	<u>\$ 1,129,289</u>	<u>\$ 55,299</u>	<u>\$ 1,184,588</u>

	For the six-month period ended June 30, 2023		
<u>Part time employees</u>	<u>Operating expenses</u>	<u>Operating costs</u>	<u>Total</u>
Wages and salaries	\$ 146,110	\$ 2,167	\$ 148,277
Labor and health insurance expense	18,698	-	18,698
Pension costs	7,468	-	7,468
Other personnel expenses	-	68,931	68,931
	<u>\$ 172,276</u>	<u>\$ 71,098</u>	<u>\$ 243,374</u>

- A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 6% for directors' remuneration.
- B. For the three-month periods and the six-month periods ended June 30, 2024 and 2023, employees' compensation were accrued at \$48,700, \$41,200, \$103,100, and \$90,400, respectively; while directors' remuneration were accrued at \$1,507, \$1,320, \$3,015, and \$2,640, respectively. The aforementioned amounts were recognized in salary expenses that were estimated and accrued based on the distributable net profit of current year calculated by the percentage prescribed under the Company's Articles of Incorporation. The actual amount approved at the Board of Directors' meeting on February 26, 2024 for employees' compensation and directors' remuneration for 2023 were \$201,300 and \$5,780, respectively, which were the

same as the estimated amount recognized in the 2023 financial statements. The number of shares to be distributed as employees' compensation for 2023 and 2022 were 408 thousand and 289 thousand shares, respectively. Refer to Note 6(11), "Common stock" for details.

Information about employees' compensation and directors' remuneration by the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expense

Components of income tax expense:

	For the three-month periods ended June 30,	
	2024	2023
Current income tax:		
Current tax on profits for the period	\$ 147,065	\$ 117,366
Prior year income tax under (over) estimation	6 ( 3,810)	
Total current tax	147,071	113,556
Deferred tax:		
Origination and reversal of temporary differences	254	517
Income tax expense	\$ 147,325	\$ 114,073
	For the six-month periods ended June 30,	
	2024	2023
Current income tax:		
Current tax on profits for the period	\$ 322,151	\$ 281,926
Prior year income tax under (over) estimation	6 ( 3,810)	
Total current tax	322,157	278,116
Deferred tax:		
Origination and reversal of temporary differences	713	412
Income tax expense	\$ 322,870	\$ 278,528

- B. As of July 29, 2024, the Company's income tax returns through 2021 have been assessed by the Tax Authority, and there were no disputes existing between the Company and the Tax Authority.

(22) Earnings per share

For the three-month period ended June 30, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 589,084	104,936	\$ 5.61
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 589,084	104,936	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	234	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 589,084	105,170	\$ 5.60
For the three-month period ended June 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 475,127	104,528	\$ 4.55
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 475,127	104,528	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	171	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 475,127	104,699	\$ 4.54

For the six-month period ended June 30, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 1,290,599</u>	<u>104,811</u>	<u>\$ 12.31</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 1,290,599	104,811	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>362</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,290,599</u>	<u>105,173</u>	<u>\$ 12.27</u>

For the six-month period ended June 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 1,132,732</u>	<u>104,447</u>	<u>\$ 10.85</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 1,132,732	104,447	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>254</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,132,732</u>	<u>104,701</u>	<u>\$ 10.82</u>

The abovementioned weighted average number of ordinary shares outstanding has been adjusted to unappropriated retained earnings as proportional increase in capital for the year ended December 31, 2023.

(23) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the six-month periods ended June 30,	
	2024	2023
Purchase of property, plant and equipment	\$ 495,725	\$ 415,537
Add: Beginning balance of payable on equipment (Other payables)	77,400	45,545
Less: Ending balance of payable on equipment (Other payables)	( 65,763)	( 18,071)
Capitalization of interest	( 1,155)	( 533)
Cash paid for acquisition of property, plant and equipment	<u>\$ 506,207</u>	<u>\$ 442,478</u>

B. Investing and financing activities with no cash flow effects:

	For the six-month periods ended June 30,	
	2024	2023
(a) Right-of-use assets transferred to finance lease receivable	<u>\$ 59,447</u>	<u>\$ -</u>
(b) Cash dividends distribution	\$ 2,173,352	\$ 2,442,151
Less: Ending balance of payable on cash dividends (Other payables)	( 2,173,352)	( 2,442,151)
Cash paid for cash dividends distribution	<u>\$ -</u>	<u>\$ -</u>
(c) Accrued employees' compensation transferred to stock dividends to be distributed	<u>\$ 201,300</u>	<u>\$ 164,500</u>

(24) Changes in liabilities from financing activities

	Long-term borrowings (Including current portion)	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2024	\$ 2,161,354	\$ 12,655,181	\$ 57,443	\$ 14,873,978
Changes in cash flow from financing activities	( 137,090)	( 947,199)	( 20,304)	( 1,104,593)
Changes in other non-cash items	-	1,166,081	-	1,166,081
At June 30, 2024	<u>\$ 2,024,264</u>	<u>\$ 12,874,063</u>	<u>\$ 37,139</u>	<u>\$ 14,935,466</u>

	Long-term borrowings (Including current portion)	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2023	\$ 2,265,878	\$ 11,653,248	\$ 20,001	\$ 13,939,127
Changes in cash flow from financing activities	( 90,613)	( 883,292)	3,181	( 970,724)
Changes in other non-cash items	-	1,134,151	-	1,134,151
At June 30, 2023	<u>\$ 2,175,265</u>	<u>\$ 11,904,107</u>	<u>\$ 23,182</u>	<u>\$ 14,102,554</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Chen Chien Tsao	Key management of the Company

### (2) Significant related party transactions

#### Lease transactions — lessee

A. The Company leases office from the key management of the Company. Rental contracts are typically made for 3 years. Rents are paid at the end of the month.

#### B. Acquisition of right-of-use assets

Outstanding balance

	June 30, 2024	December 31, 2023	June 30, 2023
Key management of the Company	<u>\$ 1,478</u>	<u>\$ 2,956</u>	<u>\$ 4,434</u>

#### C. Lease liabilities

##### (a) Outstanding balance

	June 30, 2024	December 31, 2023	June 30, 2023
Key management of the Company	<u>\$ 1,497</u>	<u>\$ 2,986</u>	<u>\$ 4,468</u>

Classified as “Current lease liabilities” and “Non-current lease liabilities”.

##### (b) Interest expense

	For the three-month periods ended June 30,	
	2024	2023
Key management of the Company	<u>\$ 5</u>	<u>\$ 12</u>
	For the six-month periods ended June 30,	
	2024	2023
Key management of the Company	<u>\$ 11</u>	<u>\$ 26</u>



(3) Key management compensation

	For the three-month periods ended June 30,	
	2024	2023
Salaries and other short-term employee benefits	\$ 4,756	\$ 4,443

  

	For the six-month periods ended June 30,	
	2024	2023
Salaries and other short-term employee benefits	\$ 10,421	\$ 9,920

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

Assets	June 30, 2024	December 31, 2023	June 30, 2023	Purpose of collateral
Demand deposits (Note)	\$ 7,237	\$ 7,237	\$ 7,237	Performance guarantee
Certificate of deposit (Note)	12,050	12,050	12,050	Refundable deposits
	<u>\$ 19,287</u>	<u>\$ 19,287</u>	<u>\$ 19,287</u>	

(Note) Classified as "Other current financial assets" and "Other non-current financial assets".

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Capital expenditures contracted for but not yet incurred

	June 30, 2024	December 31, 2023	June 30, 2023
Property, plant and equipment	\$ 113,149	\$ 156,097	\$ 55,847

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

The Company's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable, finance lease receivable (including current and non-current), other receivables, other financial assets (including current and non-current), refundable deposits, notes payable, accounts payable, other payables, long-term borrowings (including current portion) and guarantee deposits received are based on their book value as book

value approximates fair value. In addition, the fair value information of financial instruments measured at fair value is described in Note 12(3), “Fair value information”.

B. Financial risk management policies

The Company adopts a comprehensive risk management system to identify all risks (including market risk, credit risk and liquidity risk) and to enable key management to measure and control all risks. The Company’s objectives when managing market risk are achieving optimal risk exposure, maintaining appropriate liquidity and managing all market risks centrally by taking into account the economic environment, competition and market risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange risk

Since the main transactions of the Company are denominated in New Taiwan dollars, the Company is not engaged in foreign exchange contracts. Therefore, the Company is not exposed to significant foreign exchange risk.

II. Price risk

The Company is not engaged in any financial instrument or derivatives investment, hence is not exposed to price risk.

III. Cash flow and fair value interest rate risk

i. The Company’s main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. For the six-month periods ended June 30, 2024 and 2023, the Company’s borrowings at variable rate were mainly denominated in New Taiwan dollars.

ii. The Company’s borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate had increased/decreased by 10% with all other variables held constant, other comprehensive income for the six-month periods ended June 30, 2024 and 2023 would have decreased/increased by \$1,444 and \$1,509, respectively.

The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

I. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

- II. The Company manages its credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- III. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over certain number of days.
- IV. The Company classifies customers' accounts receivable in accordance with credit risk on trade. The Company applies the modified approach using the provision matrix to estimate expected credit loss.
- V. The Company uses the forecast to adjust historical and timely information to assess the default possibility of accounts receivable. As of June 30, 2024 and 2023, the Company's expected loss rate used in not past due accounts receivable is immaterial, and the Company has no past due accounts receivable.
- VI. The Company did not recognize the immaterial impairment losses when applying the modified approach for the six-month periods ended June 30, 2024 and 2023.
- (c) Liquidity risk
- I. Cash flow forecasting is performed by the Company. The Company's Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- II. The Company has the following undrawn borrowing facilities:

	June 30, 2024	December 31, 2023	June 30, 2023
Floating rate:			
Expiring within one year	\$ 1,929,765	\$ 3,247,374	\$ 2,453,552
Expiring beyond one year	1,283,971	727,272	1,306,183
	<u>\$ 3,213,736</u>	<u>\$ 3,974,646</u>	<u>\$ 3,759,735</u>

III. The table below analyses the Company's non-derivative financial liabilities and relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>June 30, 2024</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities				
Notes payable	\$ 93,164	\$ -	\$ -	\$ -
Accounts payable	2,843,985	-	-	-
Other payables	2,968,574	-	-	-
Lease liabilities (including current and non-current portion)	1,897,803	1,863,435	4,659,257	5,156,839
Long-term borrowings (including current portion)	1,069,939	751,121	238,718	-
Guarantee deposits received	-	37,139	-	-
<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities				
Notes payable	\$ 95,566	\$ -	\$ -	\$ -
Accounts payable	3,033,838	-	-	-
Other payables	928,210	-	-	-
Lease liabilities (including current and non-current portion)	1,873,716	1,810,546	4,537,329	5,101,657
Long-term borrowings (including current portion)	1,266,690	636,691	295,258	-
Guarantee deposits received	-	57,443	-	-
<u>June 30, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities				
Notes payable	\$ 61,221	\$ -	\$ -	\$ -
Accounts payable	3,038,229	-	-	-
Other payables	3,067,714	-	-	-
Lease liabilities (including current and non-current portion)	1,780,415	1,695,425	4,239,179	4,812,525
Long-term borrowings (including current portion)	1,501,415	524,364	186,448	-
Guarantee deposits received	-	23,182	-	-

(3) Fair value information

The Company had no fair value financial instruments as of June 30, 2024, December 31, 2023 and June 30, 2023.

### 13. SUPPLEMENTARY DISCLOSURES

(In accordance with the current regulatory requirements, the Company is only required to disclose the information for the six-month period ended June 30, 2024.)

#### (1) Significant transaction information

- A. Loans to others: None.
- B. Provision of endorsements and guarantee to others provided: None.
- C. Holding of marketable securities at the end of the period: None.
- D. Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Total purchases or sales of goods from or to related parties reaching \$100 million or 20% of the paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of the paid-in capital or more: None.
- I. Derivative financial instruments undertaken: None.
- J. Significant inter-company transactions: None.

#### (2) Disclosure information of investee company

None.

#### (3) Disclosure information on indirect investments in Mainland China

As of June 30, 2024, the Company had no investments in Mainland China.

#### (4) Major shareholders information

Major shareholders information: Refer to table 1.

### 14. SEGMENT INFORMATION

#### (1) General information

The Company operates business only in a single industry. The Company's chief operating decision-maker, who allocates resources and assesses performance of the Company as a whole, has identified that the Company has only one reportable operating segment.

(2) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the six-month periods ended June 30,	
	2024	2023
	Retailing	Retailing
Segment revenue	\$ 11,501,549	\$ 10,574,102
Revenue from external customers (net)	11,501,549	10,574,102
Depreciation	1,326,451	1,248,354
Finance cost	86,678	80,615
Segment pre-tax profit	1,613,469	1,411,260
Segment assets	26,888,859	25,574,434
Segment liabilities	21,256,028	20,648,908

(3) Reconciliation for segment (loss) income

The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. The segment income reported to the chief operating decision-maker is measured in a manner consistent with that in the financial statements. Therefore, a reconciliation is not needed.

POYA INTERNATIONAL CO., LTD.

Major shareholders information

June 30, 2024

Table 1

In thousands of shares

Name of the key shareholder	Number of shares	Ownership (%)	Footnote
Duo Chin Investment Co., Ltd.	8, 584	8. 29%	—
Poya Investment Co., Ltd.	8, 417	8. 13%	—
Chen Ching Investment Co., Ltd.	7, 915	7. 64%	—
Capital Tip Customized Taiwan Select High Dividend Exchange Traded Fund	6, 743	6. 51%	—
Chen Zong-Cheng	6, 465	6. 24%	—

Note: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis.