Stock Code:6768

Sports Gear Co., Ltd., and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2024 and 2023 and Independent Auditors' Report

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Independent Auditor's Report

The Board of Directors and Shareholders
To Sports Gear Co., Ltd.:

Auditors' Opinions

We have audited the accompanying consolidated financial statements of Sports Gear Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China ("ROC").

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2024, is as follows:

<u>Cut-off of operating revenue recognition</u>

Operating revenue of the Group primarily arises from manufacture and sales of shoes-related products. Time point of revenue recognition is based on the determination of transferring control of goods in accordance with the transaction terms agreed with customers. As the revenue recognition procedures involve numerous manual controls, revenue might not be recorded in the correct period. Therefore, time point of revenue recognition is the key audit matter. Please refer to Note 4 to the financial statements for the accounting policies related to revenue recognition.

Our main audit procedures performed in respect of the key audit matter were as follows:

1. We understood and assessed the internal control relevant to audit risk in sales and collection cycles, and the design and operating effectiveness.
2. We verified the transaction documents related to operating revenue before and after a certain period from the balance sheet date, to ensure the sales transactions are recorded in the correct period.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IFRS, IAS,IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including members of the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 auditing standards accepted in 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 these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated 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 Group’s internal control.
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 Group’s ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 entities or business activities within the Group to express an opinion on the consolidated 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 consolidated financial statements for the year ended December 31, 2024 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.

The engagement partners on the audit resulting in this independent auditors' report are Shu-Chin, Chiang and Shao-Chun, Wu.

March 5, 2025.

SPORTS GEAR CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

CODE	ASSETS	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 6)	$ 7,907,300	34	$ 5,862,699	29
1110	Financial assets at fair value through profit or loss - current (Note 7)	2,500	-	-	-
1170	Accounts receivable, net (Notes 8, 18, and 24)	3,180,935	13	2,534,960	13
1200	Other receivables	32,018	-	47,741	-
1220	Current tax assets (Note 20)	27,030	-	27,075	-
130X	Inventories (Note 9)	2,613,819	11	1,537,782	8
1476	Other financial assets - current (Note 6)	1,314,024	6	2,458,969	12
1479	Other current assets	986,599	4	708,443	4
11XX	Total current assets	16,064,225	68	13,177,669	66
	NON-CURRENT ASSETS				
1600	Property, plant, and equipment (Notes 11 and 25)	5,969,716	25	5,009,498	25
1755	Right-of-use assets (Notes 12 and 24)	1,168,019	5	1,234,197	6
1780	Intangible assets	19,258	-	17,471	-
1840	Deferred income tax assets (Note 20)	125,570	1	112,333	1
1920	Refundable deposits	64,666	-	54,078	-
1980	Other financial assets - non-current (Notes 6 and 25)	11,811	-	225,712	1
1990	Other non-current assets	151,502	1	94,713	1
15XX	Total non-current assets	7,510,542	32	6,748,002	34
1XXX	TOTAL	$23,574,767	100	$19,925,671	100

CODE	LIABILITIES AND EQUITY	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	CURRENT LIABILITIES				
2100	Short-term bank loans (Notes 13 and 25)	$ 1,244,343	5	$ 922,412	5
2150	Note payables	3,845	-	538	-
2170	Account payables	2,572,516	11	1,621,864	8
2200	Other payables (Note15)	1,058,041	4	947,822	5
2230	Current tax liabilities (Note 20)	228,861	1	230,272	1
2280	Lease liabilities-current (Notes 12 and 24)	104,425	-	95,153	-
2320	Current portion of long-term bank loans (Notes 13 and 25)	364,481	2	384,570	2
2399	Other current liabilities	3,316	-	56,128	-
21XX	Total current liabilities	5,579,828	23	4,258,759	21
	NON-CURRENT LIABILITIES				
2530	Bond payables (Note14)	934,046	4	-	-
2541	Long-term bank loans (Notes 13 and 25)	1,179,867	5	1,351,457	7
2560	Current tax liabilities - non-current (Note 20)	-	-	10,668	-
2570	Deferred tax liabilities (Note 20)	7,152	-	2,612	-
2580	Lease liabilities - non-current (Notes 12 and 24)	636,733	3	711,444	4
25XX	Total non-current liabilities	2,757,798	12	2,076,181	11
2XXX	Total liabilities	8,337,626	35	6,334,940	32
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
3110	Share capital	1,960,456	8	1,960,456	10
3211	Capital surplus	8,174,093	35	7,954,196	40
	Retained earnings				
3310	Legal reserve	444,198	2	391,072	2
3350	Unappropriated earnings	4,016,819	17	3,218,387	16
3400	Other Equity	641,575	3	66,072	-
31XX	Total equity attributable to owners of the Company	15,237,141	65	13,590,183	68
36XX	Non-controlling interests	-	-	548	-
3XXX	Total equity	15,237,141	65	13,590,731	68
	TOTAL	$23,574,767	100	$19,925,671	100

The accompanying Note is an integral part of the consolidated financial statements.

Chairman: Wei-Chia Chen Manager: Shi-Zheng Ma Accounting Supervisor: Vincent Kang

SPORTS GEAR CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023

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

		2024		2023	
CODE		Amount	%	Amount	%
4000	OPERATING REVENUE (Notes 18 and 24)	$ 18,443,858	100	$ 14,207,689	100
5000	OPERATING COSTS (Notes 9 and 19)	14,626,754	79	11,840,961	84
5900	GROSS PROFIT	3,817,104	21	2,366,728	16
	OPERATING EXPENSES (Notes 19 and 24)				
6100	Selling and marketing expenses	396,064	2	288,209	2
6200	General and administrative expenses	1,309,622	7	1,181,125	8
6300	Research and development expenses	503,860	3	418,345	3
6450	Expected credit losses (Reversal gains)	159	-	(1,003)	-
6000	Total operating expenses	2,209,705	12	1,886,676	13
6900	PROFIT FROM OPERATIONS	1,607,399	9	480,052	3
	NON-OPERATING INCOME AND EXPENSES (Notes 19 and 24)				
7010	Other income	25,103	-	36,594	-
7020	Other gains and losses	191,191	1	55,462	1
7050	Finance costs	(73,302)	-	(99,957)	(1)
7100	Interest income	275,001	1	292,237	2
7000	Total non-operating income and expenses	417,993	2	284,336	2
7900	PROFIT BEFORE INCOME TAX	2,025,392	11	764,388	5
7950	INCOME TAX EXPENSE (Note 20)	429,365	2	224,928	1
8200	NET PROFIT FOR THE YEAR	1,596,027	9	539,460	4

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CODE		2024 Amount	2024 %	2023 Amount	2023 %
	OTHER COMPREHENSIVE INCOME (LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8340	Exchange difference of translation to the presentation currency	$ 414,249	2	($ 5,019)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences in translating the financial statements of foreign operations	161,295	1	(103,449)	(1)
8300	Other comprehensive income (loss)	575,544	3	(108,468)	(1)
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,171,571	12	$ 430,992	3
	Net profit (loss) attributable to:				
8610	Owners of the company	$ 1,598,113	9	$ 544,986	4
8620	Non-controlling interest	(2,086)	-	(5,526)	-
8600		$ 1,596,027	9	$ 539,460	4
	Comprehensive income attributable to:				
8710	Owners of the company	$ 2,173,616	12	$ 437,597	3
8720	Non-controlling interest	(2,045)	-	(6,605)	-
8700		$ 2,171,571	12	$ 430,992	3
	EARNINGS PER SHARE (Note 21)				
9750	Basic	$ 8.15		$ 2.78	
9850	Dilution	$ 8.08		$ 2.77	

The accompanying Note is an integral part of the consolidated financial statements.

Chairman: Wei-Chia Chen Manager: Shi-Zheng Ma Accounting Supervisor: Vincent Kang

SPORTS GEAR CO., LTD. AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Company (Note 17)								
				Retained Earnings			Other Equity			
CODE		Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences in translation of the financial statements of foreign operations	Total	Non-controlling Interests	Total Equity
A1	Balance on January 1, 2023	$ 1,960,456	$ 7,954,196	$ 210,263	$ 794,855	$ 3,053,312	$ 173,461	$ 14,146,543	($ 6,576)	$ 14,139,967
	Appropriation of 2022 earnings									
B1	Legal Reserve	-	-	180,809	-	(180,809)	-	-	-	-
B3	Special Reserve	-	-	-	(794,855)	794,855	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	(980,228)	-	(980,228)	-	(980,228)
D1	Net profit (loss) for the year ended December 31, 2023	-	-	-	-	544,986	-	544,986	(5,526)	539,460
D3	Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	(107,389)	(107,389)	(1,079)	(108,468)
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	544,986	(107,389)	437,597	(6,605)	430,992
M7	Changes in the percentage of ownership interests in subsidiaries	-	-	-	-	(13,729)	-	(13,729)	13,729	-
Z1	Balance at December 31, 2023	1,960,456	7,954,196	391,072	-	3,218,387	66,072	13,590,183	548	13,590,731
	Appropriation of 2023 earnings									
B1	Legal Reserve	-	-	53,126	-	(53,126)	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	(744,973)	-	(744,973)	-	(744,973)
	Other changes in capital surplus:									
C5	Equity component of convertible bonds issued by the Company	-	207,817	-	-	-	-	207,817	-	207,817
C17	Other changes in capital surplus	-	12,080	-	-	-	-	12,080	-	12,080
D1	Net profit (loss) for the year ended December 31, 2024	-	-	-	-	1,598,113	-	1,598,113	(2,086)	1,596,027
D3	Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	-	575,503	575,503	41	575,544
D5	Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	1,598,113	575,503	2,173,616	(2,045)	2,171,571
M5	Differences between the prices and carrying amounts of actual acquisition or disposal of subsidiary's equity	-	-	-	-	(1,582)	-	(1,582)	1,582	-
O1	Increase or decrease in non-controlling interests	-	-	-	-	-	-	-	(85)	(85)
Z1	Balance at December 31, 2024	$ 1,960,456	$ 8,174,093	$ 444,198	$ -	$ 4,016,819	$ 641,575	$ 15,237,141	$ -	$ 15,237,141

The accompanying note is an integral part of the consolidated financial statements.

Chairman: Wei-Chia Chen Manager: Shi-Zheng Ma Accounting Supervisor: Vincent Kang

SPORTS GEAR CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

CODE		2024	2023
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit before income tax	$ 2,025,392	$ 764,388
A20010	Adjustments for:		
A20100	Depreciation expenses	664,533	717,555
A20200	Amortization expenses	8,035	9,269
A20300	Expected credit losses (reversal gains)	159	(1,003)
A20400	Net gains on financial assets at fair value through profit or loss	(1,200)	-
A20900	Interest expenses	73,302	99,957
A21200	Interest income	(275,001)	(292,237)
A22500	Net losses on disposal of property, plant, and equipment	3,887	8,898
A23700	Losses on impairment of goodwill	-	13,540
A23800	Impairment losses on non-financial assets (reversal gains)	2,915	(14,104)
A24100	Net losses (gains) on foreign currency exchange	(161,405)	9,517
A29900	Profit from lease modification	(4,027)	(2)
A30000	Changes in operating assets and liabilities		
A31150	Accounts receivable	(359,693)	818,781
A31180	Other accounts receivable	(3,435)	(2,926)
A31200	Inventories	(1,020,375)	266,726
A31240	Other current assets	(225,624)	278,971
A32150	Accounts payable	873,277	6,535
A32180	Other payables	69,800	(32,493)
A32230	Other current liabilities	(55,296)	43,397
A33000	Cash generated from operations	1,615,244	2,694,769
A33100	Interest received	295,990	300,717
A33300	Interest paid	(64,066)	(89,811)
A33500	Income tax paid	(495,301)	(629,748)
AAAA	Net cash generated from operating activities	1,351,867	2,275,927
	CASH FLOWS FROM INVESTING ACTIVITIES		
B02700	Acquisition of property, plant, and equipment	(1,423,911)	(1,011,493)
B02800	Proceeds from disposal of property, plant, and equipment	7,148	2,857

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Code		2024	2023
B03700	Increase in refundable deposits	($ 2,973)	($ 319)
B04500	Acquisition of intangible assets	(9,714)	(4,165)
B05350	Acquisition of right-of-use assets	-	(42,848)
B06500	Decrease (increase) in other financial assets	1,462,175	(624,147)
B06700	Increase in other non-current assets	(34,411)	(20,793)
BBBB	Net cash used in investing activities	(1,686)	(1,700,908)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term bank loans	4,788,039	3,729,938
C00200	Decrease in short-term bank loans	(4,692,020)	(3,590,775)
C01200	Issuance of convertible bonds	1,136,779	-
C01600	Proceeds from long-term bank loans	510,390	1,455,951
C01700	Repayments of long-term bank loans	(785,820)	(744,660)
C04020	Repayment of the principal portion of lease liabilities	(100,613)	(90,422)
C04500	Dividends paid to owners of the Company	(744,973)	(980,228)
C09900	Execution of disgorgement	12,080	-
CCCC	Net cash generated from (used in) financing activities	123,862	(220,196)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	570,558	(58,754)
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	2,044,601	296,069
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,862,699	5,566,630
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 7,907,300	$ 5,862,699

The accompanying note is an integral part of the consolidated financial statements.

Chairman: Wei-Chia Chen Manager: Shi-Zheng Ma Accounting Supervisor: Vincent Kang

SPORTS GEAR CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023

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

1. COMPANY HISTORY

Sports Gear Co., Ltd. (the "Company") was established in the British Cayman Islands on March 28, 2017, mainly for organization structure reengineering of applying for the listing to the Taiwan Stock Exchange Corporation. On December 27, 2017, the Company completed the reorganization with Insport International Co., Ltd. (hereinafter referred to as "Insport") by exchanging shares and became the ultimate holding company.

The above-mentioned share exchange is a reorganization under common control. The Company is a continuation of Insport. It is regarded as a merger from the beginning and the preparation of financial statements for the comparison period is not limited by the date of establishment.

The company and its subsidiaries (collectively as the "Group") are mainly engaged in the manufacture and sales of various sports shoes and supplies.

The company's shares have been listed and traded on the TWSE since April 2021.

The financing activities of the Group are planned to be primarily denominated in New Taiwan Dollars. In consideration of the effectiveness of financing management, board of directors has resolved on December 19, 2024 to change the functional currency from the US dollar to NTD, and it will be treated prospectively since October 1, 2024 in accordance with the regulations in IAS 21 “The Effects of Changes in Foreign Exchange Rates.”

The consolidated financial statements are presented in the functional currency of the Company, NTD.

2. APPROVAL DATE AND PROCEDURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 5, 2025.

3. NEW STANDARDS, AMENDMENTS, AND INTERPRETATIONS ADOPTED

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC would not have a significant effect on the Group’s accounting policies.

(2) The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments", amendments to application guidance regarding classification of financial assets	January 1, 2026 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the approval date of the consolidated financial statements, the Group evaluates that the application of aforementioned standards and interpretations will not have significant impact on the Group's financial position and financial performance.

(3) The IFRS Accounting Standards issued by IASB in issue but not yet endorsed and issued into effect by the FSC

New, Amended, or Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	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
Amendments to IFRS 17 "Insurance Contract"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments 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"	January 1, 2027

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

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 “Presentation and Disclosure in Financial Statements” will replace IAS 1. The primary changes include:

- Items in the statement of profit or loss will need to be classified into categories: operating, investing, financing, income taxes and discontinued operations.
- Operating profit or loss, profit or loss before financing and income taxes, and subtotal and total of profit or loss shall be presented in the statements of profit or loss.
- Providing enhanced guidance on the principles of aggregation and disaggregation: the Group shall identify assets, liabilities, equity, income, expenses, and cash flows from single transactions or other matters, and group and aggregate based on shared characteristics, to make each line item of the primary financial statements with at least one similar characteristic. Items with different characteristics shall be disaggregated in the primary financial statements and notes. Only if the Group is unable to find a more informative name, the item may be labelled as “others.”
- New disclosure requirements for management-defined performance measures (MPMs): the consolidated company shall disclose the information related to management-defined performance measures in a single note in the financial statements, including descriptions to the measures, how to calculate, a reconciliation between the MPMs and the most similar specified subtotal in IFRS Accounting Standards, and the effects on income taxes and non-controlling interests arising from relevant reconciliation items. when making public communications outside the financial statements, and communicating an aspect of the financial performance of the Group as a whole.

Except for the aforementioned effects, as of the approval date of the financial statements, the Group continues to evaluate the other impact of the amendments to each standard and interpretation on the financial status and financial performance; the relevant impact will be disclosed upon completion of the assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

(2) Basis of preparation

Except for financial instruments measured at fair value, the consolidated financial statements have been prepared on a historical cost basis.

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;
2) Assets expected to be realized within 12 months after the reporting period; and
3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;
2) Liabilities due to be settled within 12 months after the reporting period; and
3) The Group does not have the substantive right at the balance sheet date to defer settlement of the liability for at least twelve months after the balance sheet date .

Assets and liabilities that are not classified as current are classified as non-current. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the Group’s own equity instruments do not affect its classification as current or non-current, if the Group classifies the option as an equity instrument.

(4) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-company transactions, balances, income, and expenses are eliminated in full upon consolidation. The total comprehensive income of subsidiaries is attributed to the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Refer to Note 10, Table 7, and Table 8 for detailed information, percentage of ownership, and main businesses of subsidiaries.

(5) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the year.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not retranslated.

For the purposes of presenting consolidated financial statements, the assets, and liabilities of the Group and its foreign operations (including subsidiaries in other countries that use currencies different from the Company) are translated into the New Taiwan dollar using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate). The exchange difference arising from the conversion of a functional currency into a presentation currency is not subsequently reclassified to profit or loss.

The financing activities of the Group are planned to be primarily denominated in New Taiwan Dollars. In consideration of the effectiveness of financing management, board of directors has resolved on December 19, 2024 to change the functional currency from the US dollar to NTD, and it will be treated prospectively since October 1, 2024 in accordance with the regulations in IAS 21 "The Effects of Changes in Foreign Exchange Rates."

(6) Inventories

Inventories consist of raw materials, supplies, work-in-progress, and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at their weighted-average costs on the balance sheet date.

(7) Property, plant, and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Property, plant, and equipment in the course of construction are measured at cost less any recognized impairment loss. Costs include professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified into the appropriate categories of property, plant, and equipment when completed and ready for their intended uses.

Depreciation on property, plant, and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If a lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values, and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant, and equipment, the difference between the sales proceeds and the carrying amount of the asset, and is recognized in profit or loss.

(8) Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less the accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro-rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(9) Intangible assets

1. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

2. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment loss.

3. Derecognition of intangible assets

Gains or losses from the 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.

(10) Impairment of property, plant and equipment, right-of-use asset, and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

(11) Financial instruments

Financial assets and financial liabilities are recognized in balance sheets when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

A. Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss and financial assets at amortized cost.

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments which are not designated to be measured at fair value through other comprehensive income, and investments in debt instruments that do not meet the criteria to be measured at amortized cost or at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from remeasurement are recognized in other gains and losses. Please refer to Note 23 for the determination of fair value.

- Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost: ∶

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.

Subsequent to initial recognition, financial assets at
the amortized cost, including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable (net), and other receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for: ：

a. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

b. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Credit-impaired financial assets refer to the issuer or the borrower having significant financial difficulties, breach of contract, the borrower will enter bankruptcy or undergoing a financial reorganization, or the active market of financial assets disappearing due to financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash, and subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

a. Internal or external information shows that the debtor is unlikely to pay its creditors.

b. When a financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

C. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Debts and equity instruments issued by the Group shall be classified as financial liabilities or equity based on the substance of contractual agreements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Group are recognized by the amount of the proceeds received deducting direct costs related to issuance.

3) Financial liabilities

A. Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

B. Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Convertible bonds

Compound financial instruments (convertible bonds) issued by the Group shall be classified as financial liabilities or equity based on the substance of contractual agreements and the definitions of financial liabilities and equity instruments.

On initial recognition, fair value of the liability components is estimated by the current market interest rates of similar non-convertible instruments, and measured by the amortized cost calculated by effective interest rate method after conversion or before maturity. Liability components of embedded non-equity derivative instruments are measured at fair value.

Conversion rights classified as equity are recognized by the amount of the entire fair value of the compound instruments deducting the fair value of the liability component which is determined separately, and will not be measured subsequently. When the conversion right is executed, the relevant liability components and amounts in equity will be transferred to capital and capital surplus – additional paid-in capital. If the conversion right of the convertible bond is not executed at maturity, the amount recognized in equity will be transferred to capital surplus – additional paid-in capital.

Transaction costs relevant to issuance of convertible bonds are allocated to liability components of the instruments (included into the carrying amount of the liability) and equity components (included in equity) in proportion to the ratio of total amount.

(12) Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods is recognized as revenue when the goods are delivered to the customers' specified location or when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and bears the risks of obsolescence. Sales revenue and accounts receivables are recognized at the point in time.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

(13) Leases

At the inception of a contract, the Group assesses whether the contract is, or contains a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Lease negotiations with the lessees are treated as new leases from the effective date of the lease modification.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted to applying for a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, substantive fixed payments, and variable lease payments that depend on an index or a rate, less any lease incentives received. As the interest rate implicit in a lease cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(14) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are added to the cost of those assets until the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that, which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(15) Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for services rendered by employees.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

(16) Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that taxable profits will probably be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and, probably, the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. If investment properties measured using the fair value model are non-depreciable assets or are held under a business model whose objective is not to consume substantially all of the economic benefits embodied in the assets over time, the carrying amounts of such assets are presumed to be recovered entirely through a sale.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Group considers the possible impact on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	December 31, 2024	December 31, 2023
Cash on hand and petty cash	$ 6,296	$ 6,061
Checking accounts and demand deposits	5,468,164	2,790,928
Time deposits	3,758,675	5,750,391
	9,233,135	8,547,380
Less Pledge time deposits	(11,811)	(10,279)
Time deposits with original maturities of less than 3 months	(1,186,077)	(2,586,208)
Restricted bank deposit	(127,947)	(88,194)
	$ 7,907,300	$ 5,862,699

Restricted bank deposits, time deposits with an original maturity of over 3 months and pledged bank time deposits, are classified as other financial assets - current and non-current items. Restricted bank deposits refer to the amount of disbursed loans under the joint credit contract (as stated in Note 13) while information on other pledged assets can be found in Note 25.

The market interest rate range for bank deposits as of the balance sheet date is as follows:

	December 31, 2024	December 31, 2023
Demand deposits	0.01%-4%	0.01%-4%
Time deposits	0.5%-6.9%	0.5%-8.2%

7. FINANTIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	December 31, 2024	December 31, 2023
Mandatorily measured at fair value through profit or loss		
Derivative instruments		
－Redemption rights of domestic convertible bonds (Note 14)	$ 2,500	$ -

8. ACCOUNTS RECEIVABLES, NET

	December 31, 2024	December 31, 2023
Total carrying amount measured at amortized cost	$ 3,181,324	$ 2,535,190
Less: Allowance for impairment loss	(389)	(230)
	$ 3,180,935	$ 2,534,960

The average credit period for the sale of goods was 30-75 days. No interest was charged on accounts receivables. The Group uses other publicly available financial information or its trading records to rate its customers. The Group set up the decision to deal with creditworthy counterparties and obtaining sufficient collaterals, where appropriate, as a means of mitigating the risk of financial loss from defaults. To minimize credit risk, the management of the Group has been delegated to determining credit limits, credit approvals, and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group’s credit risk was significantly reduced.

The Group recognizes the loss allowance for accounts receivables at an amount equal to the lifetime expected credit loss. The lifetime expected credit loss is calculated by provision matrix and evaluated based on past default experience of customers and the current financial position of the debtor, the economic situation of the industry, as well as the GDP forecast, and the industry outlook. As the Group’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the customer groups are not further differentiated, and the expected credit loss rate is determined only by the overdue days of receivables.

The Group writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables of the Group:

December 31, 2024	Not Past Due	Past Due 1 to 90 days	Past Due 91 to 180 days	Past Due over 181 days	Total
Expected credit loss rate	0%	1%	20%	100%	
Gross carrying amount	$ 3,155,335	$ 25,325	$ 660	$ 4	$ 3,181,324
Loss allowance (Lifetime ECL)	-	(253)	(132)	(4)	(389)
Amortized cost	$ 3,155,335	$ 25,072	$ 528	$ -	$ 3,180,935
December 31, 2023					
Expected credit loss rate	0%	1%	20%	100%	
Gross carrying amount	$ 2,515,422	$ 19,650	$ 106	$ 12	$ 2,535,190
Loss allowance (Lifetime ECL)	-	(197)	(21)	(12)	(230)
Amortized cost	$ 2,515,422	$ 19,453	$ 85	$ -	$ 2,534,960

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

	2024	2023
Balance at January 1	$ 230	$ 1,093
Net remeasurement of loss allowance (reversal gains)	159	(1,003)
Foreign exchange gains and losses	-	140
Balance at December 31	$ 389	$ 230

9. INVENTORIES

	December 31, 2024	December 31, 2023
Finished goods	$ 1,053,288	$ 530,907
Work in progress	581,611	356,773
Raw materials and supplies	978,920	650,102
	$ 2,613,819	$ 1,537,782

The nature of the cost of goods sold is as follows:

	2024	2023
Cost of inventories sold	$ 14,516,609	$ 11,740,479
Inventory valuation loss (reversal gain)	2,915	(14,104)
Unallocated production overheads	74,155	112,872
Others	33,074	1,714
	$ 14,626,754	$ 11,840,961

The rise in the net realizable value of inventories was due to the destocking of inventories.

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were summarized as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership December 31, 2024	Proportion of Ownership December 31, 2023	Remark
The Company	Sports Gear Co., Ltd. (“SPG Samoa”)	Sporting goods trading and international investment	100%	100%	
	Elephant Step Co., Ltd. (”Elephant”)	International investment	100%	100%	
	Fongyuan International Co., Ltd. (”Fongyuan”)	International investment	100%	100%	
	All Wells International Co., Ltd. (”All Wells”)	International investment	100%	100%	
	Sports Gear SG Private Ltd. (”SPG Singapore”)	International investment	100%	100%	Note 3
SPG Samoa	Silk Invest International Co., Ltd. (“Silk Invest”)	Investment and real estate development, rental, and sales	100%	100%	
	Sports Gear China Co.,Ltd.(“SCN”)	Trading of sporting goods	100%	-	Note 4
Elephant	Can Sports Vietnam Co., Ltd. (”VG”)	Manufacturing, processing and trading of sporting goods	100%	100%	
	PT Can Sports Industrial Indonesia (”SPG Indonesia”)	Manufacturing, processing and trading of sporting goods	90%	90%	
	SGP-Sports Gear Portugal, S.A. (”SGP”)	Research center for sporting goods	2.78%	2.78%	Note 1
Fongyuan	All Wells International Co., Ltd. (”AW”)	Manufacturing, processing and trading of sporting goods	90%	90%	
	SPG Indonesia	Manufacturing, processing and trading of sporting goods	10%	10%	
All Wells	Chi Hung Co., Ltd. (”SPG”)	Manufacturing, processing and trading of sporting goods	100%	100%	
	Dai Hoa Co., Ltd. (”DH”)	Manufacturing, processing and trading of sporting goods	100%	100%	
	AW	Manufacturing, processing and trading of sporting goods	10%	10%	
	Fireman Factory Co., Ltd. (”Fireman”)	Manufacturing, processing and trading of sporting goods	100%	100%	Note 5
	Can Sports Shoes Co., Ltd. (”SGC”)	Manufacturing, processing and trading of sporting goods	100%	100%	
	Sports Gear (Myanmar) Co., Ltd. (”SPG Myanmar”)	Manufacturing, processing and trading of sporting goods	100%	100%	
	August Sports Co., Ltd. (”ASP”)	Manufacturing, processing and trading of sporting goods	100%	100%	
Silk Invest	SGP	Research center for sporting goods	97.22%	97.22%	Note 1
	Footwear Innovation Lab GmbH (”FIL”)	Manufacturing, processing and trading of sporting goods	100%	95.99%	Note 2

Note 1: In consideration of future development directions and plans, the board of directors resolved in December, 2023 that SGP’s shares held by Elephant and Silk Invest with percentage of ownership of 2.78% and 97.22%, respectively, are expected to be transferred to SGP Singapore.

Note 2: FIL conducted a cash capital increase of EUR4,373 thousand in May 2023, which was fully subscribed by Silk Invest, resulting in an increased shareholding ratio of 95.99% after subscription.

Note 3: In order to adjust the investment structure of the Group, the board of directors has resolved to establish SPG Singapore in December, 2022, and the establishment has been completed in June, 2023.

Note 4: In order to make use of the advantages of shoes manufacturing and industry chain in mainland China, the board of directors has approved in March 2024 the establishment of SCN through SPG Samoa. The establishment has been completed in December 2024.

Note 5: In order to simplify the investment structure and integrate resources effectively, the board of directors has resolved the dissolution and liquidation of Fireman in May 2024.

11. PROPERTY, PLANT, AND EQUIPMENT

2024	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Construction in progress and equipment under inspection	Total
Cost								
Balance at January 1	$ 1,135,230	$ 3,461,297	$ 4,645,911	$ 78,696	$ 156,360	$ 943,964	$ 1,124,328	$ 11,545,786
Increase	217,385	7,675	309,536	8,611	13,127	106,642	760,935	1,423,911
Decrease	-	(116)	(34,201)	(807)	(630)	(36,282)	(1,492)	(73,528)
Reclassifications	-	42,123	150,042	-	(1,320)	13,554	(226,555)	(22,156)
Effect of foreign currency exchange difference	-	108,226	136,953	1,197	3,511	28,813	23,594	302,294
Balance at December 31	$ 1,352,615	$ 3,619,205	$ 5,208,241	$ 87,697	$ 171,048	$ 1,056,691	$ 1,680,810	$ 13,176,307
Accumulated depreciation								
Balance at January 1	$ -	$ 1,672,033	$ 3,938,580	$ 53,136	$ 114,860	$ 757,679	$ -	$ 6,536,288
Increase	-	149,453	273,318	8,049	14,873	96,923	-	542,616
Decrease	-	(66)	(29,147)	(807)	(607)	(31,866)	-	(62,493)
Reclassifications	-	-	-	-	-	-	-	-
Effect of foreign currency exchange difference	-	42,936	118,992	1,035	2,348	24,869	-	190,180
Balance at December 31	$ -	$ 1,864,356	$ 4,301,743	$ 61,413	$ 131,474	$ 847,605	$ -	$ 7,206,591
Carrying amount at January 1	$ 1,135,230	$1,789,264	$ 707,331	$ 25,560	$ 41,500	$ 186,285	$ 1,124,328	$ 5,009,498
Carrying amount at December 31	$ 1,352,615	$ 1,754,849	$ 906,498	$ 26,284	$ 39,574	$ 209,086	$ 1,680,810	$ 5,969,716
2023								
Cost								
Balance at January 1	$ 1,134,796	$ 3,453,849	$ 4,708,908	$ 62,739	$ 142,672	$ 961,135	$ 434,674	$ 10,898,773
Increase	-	1,410	74,536	20,035	10,692	71,398	833,422	1,011,493
Decrease	-	(2,018)	(68,633)	(4,050)	(715)	(80,083)	(57)	(155,556)
Reclassifications	-	75,318	10,169	1,050	6,556	7,440	(142,473)	(41,940)
Effect of foreign currency exchange difference	434	(67,262)	(79,069)	(1,078)	(2,845)	(15,926)	(1,238)	(166,984)
Balance at December 31	$ 1,135,230	$ 3,461,297	$ 4,645,911	$ 78,696	$ 156,360	$ 943,964	$ 1,124,328	$ 11,545,786
Accumulated depreciation								
Balance at January 1	$ -	$ 1,564,182	$ 3,760,326	$ 52,395	$ 101,519	$ 737,473	$ -	$ 6,215,895
Increase	-	149,333	324,979	5,664	16,278	103,134	-	599,388
Decrease	-	(2,018)	(68,018)	(4,050)	(704)	(69,011)	-	(143,801)
Reclassifications	-	-	471	-	-	(471)	-	-
Effect of foreign currency exchange difference	-	(39,464)	(79,178)	(873)	(2,233)	(13,446)	-	(135,194)
Balance at December 31	$ -	$ 1,672,033	$ 3,938,580	$ 53,136	$ 114,860	$ 757,679	$ -	$ 6,536,288
Carrying amount at December 31	$ 1,135,230	$ 1,789,264	$ 707,331	$ 25,560	$ 41,500	$ 186,285	$ 1,124,328	$ 5,009,498

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

Buildings	2 to 45 years
Machinery and equipment	2 to 12 years
Transportation equipment	4 to 7 years
Office equipment	3 to 10 years
Miscellaneous equipment	2 to 10 years

Property, plant, and equipment pledged as collateral for bank borrowings are set out in Note 25.

12. LEASE ARRANGEMENTS

(1) Right-of-use assets

	December 31, 2024	December 31, 2023
Carrying amount		
Land	$ 705,992	$ 697,464
Buildings	462,027	536,733
	$ 1,168,019	$ 1,234,197

	2024	2023
Additions to right-of-use assets	$ 46,937	$ 109,367
Depreciation expenses for right-of-use assets		
Land	$ 20,491	$ 20,341
Buildings	101,426	97,826
	$ 121,917	$ 118,167

Except for the additions and depreciation listed above, there is no significant sublease or impairment of the right-of-use assets of the Group in 2024 and 2023.

(2) Lease liabilities

	December 31, 2024	December 31, 2023
Carrying amounts		
Current	$ 104,425	$ 95,153
Non-current	$ 636,733	$ 711,444

The range of discount rates for lease liabilities was as follows:

	December 31, 2024	December 31, 2023
Land	4.94%-7.62%	4.94%-7.62%
Buildings	1.7%-5%	1.7%-5%

(3) Material lease-in activities and terms

The Group leases buildings for office used in Taiwan with lease terms of 2 to 3 years. The Group has the priority to renew the lease of the buildings at the end of the lease terms.

The Group leases certain land and buildings for plant and office uses in Cambodia, China, and Germany with lease terms of 2 to 20 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

The Group also promises certain land and buildings, for plant and office uses in Vietnam, Indonesia, and Myanmar with lease terms of 10 to 50 years. Part of the land lease payment was paid at that time. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

(4) Other lease information

The Group leases certain buildings which qualify as short-term leases. The Group has elected to apply for the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. LOANS

(1) Short-term bank loans

	December 31, 2024	December 31, 2023
Line of credit loans	$ 1,079,815	$ 736,911
Secured loans	164,528	185,501
	$ 1,244,343	$ 922,412
Interest Rates (%)		
Line of credit loans	1.7-5.4	1.53-5.54
Secured loans	3	2.5-3.27

Property, plant and equipment held by the Group were pledged as collaterals for bank loans (Please refer to Note 25.).

(2) Long-term bank loans

	December 31, 2024	December 31, 2023
Mortgaged loans		
Bank loan	$ 156,000	$ 540,570
Unsecured loans		
Syndicated loan	1,389,872	1,197,690
	1,545,872	1,738,260
Less: Arrangement fees for a syndicated loan	(1,524)	(2,233)
Less: Classified as current portion due within one year	(364,481)	(384,570)
	$ 1,179,867	$ 1,351,457
Interest Rates（%）		
Mortgaged loans		
Bank loan	2.85	2.6-2.61
Unsecured loans		
Syndicated loan	5.41-6.63	6.40-6.64
Due date		
Mortgaged loans		
Bank loan	Due before January 2025	Due before January 2025
Unsecured loans		
Syndicated loan	Due before May 2029	Due before May 2029

The Group pledged its property, plant, equipment, and bank deposit as collateral for bank loans. (Note 25).

In December 2021, the Group signed a syndicated loan contract with the syndicated loan bank group composed of the Mega International Commercial Bank and other financial facilities to support the plant construction investment plan and enrich the operating capital.

The Company undertakes and ensures that the assets of related enterprises shall not be transferred, sold, encumbered, entrusted, or disposed of in any other manner, in whole or in part unless otherwise stipulated in the joint credit contract.

According to the provisions of the syndicated loan contract, the Group shall maintain the following financial ratios in each quarter and annual consolidated financial statements during the duration of the contract:

1) Debt ratio (debt / net tangible asset): maintain below 120% (included);
2) Net tangible asset（net value - intangible assets）: Maintain more than 10 billion (included).

If the Group fails to meet any of the above ratios, it should make improvements and adjustments through cash capital increase or other means within 6 months from the date of presentation of the financial statements. If the adjusted financial ratios meet the above provisions, it will not be deemed a violation of this commitment. However, from the day after the presentation of the financial statement in violation of the financial ratio to the day after the presentation of the financial statement in line with the financial ratio, the compensation fee shall be calculated and paid monthly at the annual interest rate of 0.1% for the total balance of the credit.

All financial ratios of the Group comply with the contractual requirements.

14. BOND PAYABLES

	December 31, 2024	December 31, 2023
Domestic unsecured convertible bonds	$ 934,046	$ -

(1) Domestic unsecured convertible bonds

10,000 of the domestic unsecured convertible bonds of the Company was issued on October 31, 2024, with par value of $100 thousand, issued at 114.23% of par value, amounting to $1,142,330 thousand with a coupon rate of 0%, the issue period of 3 years, and the period of bond circulation will be expired on October 31, 2027.

Bond holders of the corporate bond are eligible to convert the bonds into ordinary shares of the Company at the price of $101 per share. The conversion period is from February 1, 2025 to October 31, 2027. If the corporate bonds are not converted upon maturity, the convertible bonds will be repaid in cash in one lump sum according to par value of the bonds. Other significant terms include:

Redemption right of the Company

From the next day after the issuance of convertible bonds three months later (February 1, 2025) to 40 days prior to maturity of the issue period (September 21, 2027), when the closing price of the Company’s ordinary share exceeds the current conversion price by 30% (inclusive) for 30 consecutive business days, or the outstanding balance of the convertible bonds is less than 10% of

+ total issued amount, the Company may redeem the convertible bonds in cash in accordance with the operating procedures.

The convertible bonds included liability and equity components. Equity components are expressed as capital surplus- stock option under equity. The effective interest rate originally recognized for liability components is 2.41%. Derivative instruments of redemptions rights are recognized as financial assets at fair value through profit or loss – current.

Issue price (less: transaction costs $5,551 thousand)	$ 1,136,779
Equity Components (less: transaction costs allocated to equity of $1,013 thousand)	(207,817)
Derivative instruments of redemptions rights	1,300
Liability components on issuance date (less: transaction costs allocated to liabilities of $4,538 thousand)	930,262
Interests computed at the effective interest rate of 2.41%	3,784
Liability components as of December 31, 2024	$ 934,046

15. OTHER PAYABLES

	December 31, 2024	December 31, 2023
Payables for salaries and bonuses	$ 647,416	$ 540,301
Others	410,625	407,521
	$ 1,058,041	$ 947,822

16. RETIREMENT BENEFIT PLANS

SPG (Samoa) Taiwan Branch and Silk Invest of the Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employee of the Group subsidiaries in Vietnam, Cambodia, Myanmar, Indonesia, China and Europe are members of the retirement benefit plans operated by the respective governments. The subsidiaries are required to fund a pension benefit plan with a specific proportion of salary. The obligation of the Group to the government-operated retirement benefit plan is only to allocate a specific amount, and the relevant expenses are recorded under other employee benefits.

17. EQUITY

(1) Common shares

	December 31, 2024	December 31, 2023
Number of shares authorized (in thousands)	500,000	500,000
Shares authorized	$ 5,000,000	$ 5,000,000
Number of shares issued and fully paid (in thousands)	196,046	196,046
Shares issued	$ 1,960,456	$ 1,960,456

(2) Capital surplus

	December 31, 2024	December 31, 2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Additional paid-in capital (Note)	$ 7,677,994	$ 7,677,994
From differences between the equity purchase price and carrying amount arising from the actual acquisition or disposal of subsidiaries	276,202	276,202
May only be used to offset a deficit		
Gains on execution of disgorgement	12,080	-
May not be used for any purposes		
Equity components recognized for issuance of convertible bonds	207,817	-
	$ 8,174,093	$ 7,954,196

Note: Including the amount of issued share capital during the reorganization, which exceeds the amount in equity obtained, and the difference between the denomination of the Company's value per share changed from US dollars to New Taiwan dollars. When the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of the paid-in capital.

(3) Retained earnings and dividend policy

In accordance with the earnings distribution policy of the articles of association of the company, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company’s board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders’ meeting for the distribution of dividends to shareholders.

According to the articles of association of the company, shareholders' dividends can be distributed by cash dividends or stock dividends, and the proportion of cash dividends shall not be less than 10%.

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

Items referred to under Rule No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards", should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2023 and 2022 approved in the shareholders' meetings in May 2024 and May 2023, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2023	2022	2023	2022
Legal Reserve	$ 53,126	$ 180,809		
Reversal of Special Reserve	-	(794,855)		
Cash dividends	744,973	980,228	$ 3.8	$ 5

The board of directors of the Company proposed the appropriation of 2024 earnings as follows in March 2025:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal Reserve	$ 159,654	
Cash dividends	1,235,680	$6.18491925

The appropriation of 2024 earnings is subject to the resolution of the shareholders in the regular shareholders' meetings to be held in May 2025.

18. REVENUE

	2024	2023
Revenue from contracts with customers		
Revenue from the sale of goods	$ 18,221,984	$ 14,053,307
Others	221,874	154,382
	$ 18,443,858	$ 14,207,689

(1) Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Accounts receivables (Note 8)	$ 3,180,935	$ 2,534,960	$ 3,351,556

(2) Disaggregation of customer contract revenue

	2024	2023
Types of goods or services		
Sports shoes	$ 15,642,102	$ 10,620,143
Casual shoes	2,545,948	3,410,340
Others	255,808	177,206
	$ 18,443,858	$ 14,207,689

19. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

(1) Other gains and losses

	2024	2023
Net gains on foreign currency exchange	$ 216,757	$ 97,178
Gains on lease modification	4,027	2
Losses on disposal of property, plant, and equipment	(3,887)	(8,898)
Gains on financial assets at fair value through profit or loss	1,200	-
Losses on impairment of goodwill	-	(13,540)
Others	(26,906)	(19,280)
	$ 191,191	$ 55,462

(2) Finance costs

	2024	2023
Interests on bank loans	$ 108,126	$ 81,351
Interests on lease liabilities	39,025	44,572
Interests on convertible bonds	3,784	-
Less: Amount included in the cost of qualifying asset	(77,633)	(25,966)
	$ 73,302	$ 99,957

The information related to interest capitalization is as follows:

	2024	2023
Amount of interest capitalized	$ 77,633	$ 25,966
Rate of interest capitalized	5.41%-6.63%	6.40%-6.64%

(3) Depreciation and amortization

	2024	2023
An analysis of depreciation by function		
Operating costs	$ 453,930	$ 507,866
Operating expenses	210,603	209,689
	$ 664,533	$ 717,555
An analysis of amortization by function		
Operating costs	$ 4,178	$ 5,782
Operating expenses	3,857	3,487
	$ 8,035	$ 9,269

(4) Employee benefits expense

	2024	2023
Short-term benefits	$ 4,542,585	$ 3,725,962
Post-employment benefits	33,296	29,932
Other employee benefits	1,191,651	1,079,474
	$ 5,767,532	$ 4,835,368
An analysis of employee benefits expense by function		
Operating costs	$ 4,565,651	$ 3,801,622
Operating expenses	1,201,881	1,033,746
	$ 5,767,532	$ 4,835,368

(5) Compensation of employees and remuneration of directors

According to the amended Company's Articles of Incorporation, the Company accrued employees' compensation and remuneration of directors at rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax. The estimated remuneration of employees and directors in 2024 and 2023 were resolved by the board of directors in March 2024 and March 2023 as follows:

Estimation ratio

	2024	2023
Remuneration of employees	2.12%	2%
Remuneration of directors	0.69%	0.98%

Cash

	2024	2023
Remuneration of employees	$ 44,194	$ 15,887
Remuneration of directors	$ 14,300	$ 7,788

If the amount still changes after the date of issuance of the annual consolidated financial report, it shall be adjusted and carried in the next year according to the changes in accounting estimates.

The actual distribution amounts of employee remuneration and director remuneration for the years 2023 and 2022 are not different from the recognized amounts in the 2023 and 2022 consolidated financial statements.

Information on the earnings appropriation resolved by the board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

20. INCOME TAXES

(1) Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	2024	2023
Current tax		
In respect of the current year	$ 414,169	$ 238,238
Adjustments for prior years	20,587	(5,623)
	434,756	232,615
Deferred tax		
In respect of the current year	(4,829)	(6,641)
Effect of tax rate changes	(562)	(1,046)
	(5,391)	(7,687)
Income tax expense recognized in profit or loss	$ 429,365	$ 224,928

A reconciliation of accounting profit and income tax expense is as follows:

	2024	2023
Profit before tax	$ 2,025,392	$ 764,388
Income tax expense calculated at the statutory rate	$ 410,166	$ 175,362
Nondeductible expenses in determining taxable income	17,074	23,584
Unrecognized loss carryforwards and deductible temporary differences	(17,900)	32,651
Adjustments to prior years' tax	20,587	(5,623)
Effect of tax rate changes	(562)	(1,046)
Income tax expense recognized in profit or loss	$ 429,365	$ 224,928

The Group applies to the individual of the Income Tax Act of the R.O.C, the rate for profit-seeking enterprise income tax is 20%; the tax amount generated from other districts is calculated by the tax rates applicable in each relevant district.

(2) Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

2024	Balance at January 1	Recognized in Profit or Loss	Effect of tax rate changes	Foreign currency exchange differences	Balance at December 31
Deferred tax assets					
Temporary differences					
Property, plant, and equipment	$ 38,114	$ 7,143	$ -	$ 2,720	$ 47,977
Expenses payable	14,250	3,776	-	301	18,327
Provision for loss on inventory	3,538	1,545	401	146	5,630
Unrealized net loss on foreign currency exchange	20,996	(7,991)	-	5	13,010
Refund liabilities	10,681	(10,681)	-	-	-
Investments accounted for using equity method	-	20,783	-	-	20,783
Others	17,784	1,627	315	117	19,843
	105,363	16,202	716	3,289	125,570
Tax losses	6,970	(7,055)	-	85	-
	$ 112,333	$ 9,147	$ 716	$ 3,374	$ 125,570
Deferred tax liabilities					
Temporary differences					
Unrealized net gains on foreign currency exchange	$ 142	$ 648	$ 38	$ 2	$ 830
Others	2,470	3,670	116	66	6,322
	$ 2,612	$ 4,318	$ 154	$ 68	$ 7,152
2023					
Deferred tax assets					
Temporary differences					
Property, plant, and equipment	$ 29,507	$ 8,721	$ -	($ 114)	$ 38,114
Expenses payable	15,316	(690)	-	(376)	14,250
Provision for loss on inventory	8,497	(5,163)	254	(50)	3,538
Unrealized net loss on foreign currency exchange	32,771	(12,567)	683	109	20,996
Refund liabilities	-	10,681	-	-	10,681
Others	17,169	293	109	213	17,784
	103,260	1,275	1,046	(218)	105,363
Effect of tax rate changes	-	7,187	-	(217)	6,970
	$ 103,260	$ 8,462	$ 1,046	($ 435)	$ 112,333
Deferred tax liabilities					
Temporary differences					
Unrealized net gains on foreign currency exchange	$ -	$ 146	$ -	($ 4)	$ 142
Others	869	1,675	-	(74)	2,470
	$ 869	$ 1,821	$ -	($ 78)	$ 2,612

(3) The information of the unused operating loss carries forward for which no deferred tax assets have been recognized

	December 31, 2024	December 31, 2023
Loss carryforwards		
Due in 2024	$ -	$ 38,755
Due in 2025	-	12,077
Due in 2026	-	18,187
Due in 2027	-	18,199
Due in 2028	17,555	30,135
Due in 2029	41,951	1,557
Due in 2030	-	1,485
Due in 2031	-	6,475
Due in 2032	-	10,524
Due in 2033	-	3,162
	$ 59,506	$ 140,556

(4) Information on unused loss carryforwards

Loss carryforwards as of December 31, 2024 comprised:

Remaining Creditable Amount	Expiry Year
$ 17,555	2028
41,951	2029
$ 59,506	

(5) Income tax examination

The tax authorities have examined the income tax returns of SPG(Samoa) Taiwan Branch and Silk Invest through 2022.

21. EARNINGS PER SHARE

	Net profit attributable to owners of the Company	Number of shares (thousands)	Earnings per share (NT$)
2024			
Basic EPS			
Net profit attributable to owners of the Company	$1,598,113	196,046	$ 8.15
Effect of dilutive potential common shares			
Employee compensation	-	407	
Convertible bonds	2,583	1,677	
Diluted EPS			
Net profit attributable to owners of the Company plus the effect of dilutive potential common shares	$1,600,696	198,130	$ 8.08
2023			
Basic EPS			
Net profit attributable to owners of the Company	$ 544,986	196,046	$ 2.78
Effect of dilutive potential common shares			
Employee compensation	-	426	
Diluted EPS			
Net profit attributable to owners of the Company plus the effect of dilutive potential common shares	$ 544,986	196,472	$ 2.77

If the Group may choose to pay employees ’s compensation by cash, or by issuing shares, profit sharing to employees which will be settled in shares should be included in the weighted average number of shares outstanding in the calculation of diluted EPS if the shares have a dilutive effect. Such dilutive effect of the potential shares needs to be included in the calculation of diluted EPS until profit sharing to employees to be settled in the form of common stocks is approved by the shareholders in the following year.

22. CAPITAL RISKS MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (loans offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising share capital, capital reserve, retained earnings, and other equity).

Key management personnel of the Group review the capital structure on a regular basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the number of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

23. FINANCIAL INSTRUMENTS

(1) Fair value of financial instruments not measured at fair value

The carrying amounts of the Group's financial assets and liabilities that are not measured at fair value approximated their fair values.

(2) Fair value information – financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

The analysis of fair value measurement of financial instruments after initial recognition is as follows. The measurement is classified from level 1 to level 3 based on the observable level of fair value.

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Redemption right of domestic convertible bonds	$ -	$ 2,500	$ -	$ 2,500

There is no transfer of fair value between level 1 and level 2 in the current years.

2) Valuation technologies and inputs of level 2 fair value measurement

Financial instrument category	Valuation technology and inputs
Redemption right of domestic convertible bonds	Assess by binomial valuation model of convertible bonds, based on the volatility of conversion price, risk-free interest rate, discount rate on risk, and number of years remains.

(3) Categories of financial instruments

	December 31, 2024	December 31, 2023
Financial assets		
At fair value through profit or loss	$ 2,500	$ -
At amortized cost (Note 1)	12,510,754	11,184,159
Financial liabilities		
At amortized cost (Note 2)	7,357,139	5,228,663

Note 1: The balances comprise cash and cash equivalents, accounts receivables, other receivables, refundable deposits, and other financial assets.

Note 2: The balances comprise short-term bank loans, notes and accounts payables, other payables, bonds payables, the current portion of long-term bank loans, and long-term bank loans.

(4) Financial risk management objectives and policies

The Group's major financial instruments include receivables, payables, bonds payables, borrowings, and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk, and liquidity risk.

The Group sought to minimize the effects of these risks by maintaining a flexible portfolio of financial instruments and using limited derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors and compliance with policies and exposure limits were reviewed according to the internal control policies on a continuous basis.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. By maintaining a flexible portfolio of financial instruments and using limited derivative financial instruments, the Group can avoid the risk of some foreign currency net assets or liabilities arising from exchange rate or interest rate fluctuations.

There is no change in the exposure of the Group to market risks of financial instruments and the management and measurement of such exposure. The main financial risks are as follows:

A. Foreign currency risk

The Group has foreign currency-denominated sales and purchases, which expose the group to foreign currency risk.

The carrying amounts (including monetary items denominated in non-functional currencies that have been written off in the consolidated financial statements) of the Group's foreign currency-denominated monetary assets and liabilities at the end of the reporting period are set out in Note 27.

Sensitivity analysis

Assuming a 1% change in the NTD against the USD, the pre-tax profit(loss) for the years ended December 31, 2024 and 2023 would have changed by NT$41,485 thousand and NT$15,075 thousand, respectively.

The aforementioned amount primarily arose from outstanding cash and cash equivalents, receivables, payables, and bank loans denominated in USD without cash flow hedge as of the balance sheet date. The increase in sensitivity to exchange rate in the current year primarily results from the increase in cash and cash equivalents denominated in USD.

B. Interest rate risk

The Group is exposed to interest rate risk mainly caused by deposits and loans with floating interest rates. The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates on the day of the balance sheet were as follows:

	December 31, 2024	December 31, 2023
Fair value interest rate risk		
Financial assets	$ 3,758,675	$ 5,750,391
Financial liabilities	1,675,204	806,597
Cash flow interest rate risk		
Financial assets	$ 5,468,164	$ 2,790,928
Financial liabilities	2,788,691	2,658,439

Sensitivity analysis

For the Group's financial assets and liabilities with floating interest rates, if interest rates had been 4 base points (1%) higher or lower and all other variables were held constant, the Group’s pre-tax profit for the years ended December 31, 2024 and 2023 would have changed by 26,795 thousand and 1,325 thousand, respectively. The increase in sensitivity to interest rates in the current year primarily results from the increase in bank deposits at floating interest rates.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group’s maximum exposure to credit risk which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group’s concentration of credit risk was mainly from the major customer, which accounted for 68% and 67% of the total trade receivables as of December 31, 2024 and 2023, respectively.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2024 and 2023, the Group had available unutilized bank loan facilities of 8,969,991 thousand and 8,294,751 thousand, respectively.

The liquidity and interest rate risk table below illustrates the maturity analysis of the financial liabilities of the Group within the repayment period. Non-derivative financial liabilities are prepared in terms of undiscounted cash flow on the earliest date when the Group may be required to satisfy the liabilities.

Classification	Less than 3 months	3 months to 1 year	1+ years
December 31, 2024			
Non-interest-bearing liabilities	$ 3,634,402	$ -	$ -
Lease liabilities	29,442	90,587	774,410
Floating rate instrument	1,026,000	582,824	1,179,867
Fixed rate instrument	-	-	1,000,000
	$ 4,689,844	$ 673,411	$ 2,954,277
December 31, 2023			
Non-interest-bearing liabilities	$ 2,570,224	$ -	$ -
Lease liabilities	31,651	98,343	955,238
Floating rate instrument	684,862	622,120	1,351,457
	$ 3,286,737	$ 720,463	$ 2,306,695

Additional information about the maturity analysis for lease liabilities:

	Less than 5 Years	5-10 Years	11-50 Years	16-20 Years	20+ years
December 31, 2024					
Lease liabilities	$ 469,701	$ 258,000	$ 68,559	$ 45,187	$ 52,992
Floating rate instrument	2,788,691	-	-	-	-
Fixed rate instrument	1,000,000	-	-	-	-
	$4,258,392	$ 258,000	$ 68,559	$ 45,187	$ 52,992
December 31, 2023					
Lease liabilities	$ 533,204	$ 339,702	$ 73,294	$ 58,129	$ 80,903
Floating rate instrument	2,186,356	472,083	-	-	-
	$2,719,560	$ 811,785	$ 73,294	$ 58,129	$ 80,903

24. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

(1) Related party name and relationship

Related Party Name	Relationship with the Group
Much More Co., Ltd.（”Much More”）	The key management is the same person
Spread Idea Co., Ltd. (“Spread Idea”)	The key management is the same person
Sports Gear Social welfare foundation (“SPG Foundation”)	The key management is the same person
Wei-Chia Chen	The key management
Sunyin (Vietnam) Co., Ltd.（”Sunyin”）	The key management is the same person
Power Rich International Ltd.（”Power Rich”）	The key management is the same person

(2) Operating revenue

Related Party Category	2024	2023
The key management is the same person	$ 77	$ 182

There is no significant difference in the sales price and conditions between related parties and non-related parties.

(3) Receivables from related parties

Line Item	Related Party Category	December 31, 2024	December 31, 2023
Accounts receivables	The key management is the same person	$ -	$ 58

The outstanding accounts receivable from related parties in circulation have not been reserved for doubtful debts as there is no guarantee for their collection.

(4) Other transactions with related parties

Line Item	Related Party Category/Name	2024	2023
Donation expenses	The key management is the same person		
	SPG Foundation	$ 3,000	$ 5,500
Rent income	The key management is the same person		
	SPG Foundation	$ -	$ 171

(5) Lease arrangements

Line Item	Related Party Category/Name	2024	2023
Acquisition of right-of-use assets	The key management is the same person		
	Spread Idea	$ 33,137	$ -
	The key management		
	Wei-Chia Chen	-	21,875
		$ 33,137	$ 21,875

Line Item	Related Party Category	December 31, 2024	December 31, 2023
Lease liabilities	The key management is the same person	$ 34,322	$ 7,778
	The key management	98,419	112,726
		$ 132,741	$ 120,504

Line Item	Related Party Category	2024	2023
Finance cost	The key management is the same person	$ 391	$ 576
	The key management	6,108	6,202
		$ 6,499	$ 6,778

The main operating expenses are lease payments for land and buildings, which are determined through a mutual agreement based on the neighboring market prices and the leased area. Payment is made once a month.

(6) Remuneration of key management personnel

	2024	2023
Short-term employee benefits	$ 96,801	$ 86,386
Post-employment benefits	691	762
	$ 97,492	$ 87,148

25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for power company deposits and bank loans:

	December 31, 2024	December 31, 2023
Pledged time deposits (classified as other financial assets)	$ 11,811	$ 10,279
Property, plant, and equipment	1,828,684	1,645,000
	$ 1,840,495	$ 1,655,279

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The unrecognized commitments of the Group are as follows:

	December 31, 2024	December 31, 2023
Purchase of property, plant, and equipment and contract of software service	$ 682,343	$ 952,511

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

	December 31, 2024			December 31, 2023		
Financial assets	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
Monetary items						
USD (USD: TWD)	$ 262,173	32.78	$ 8,594,039	$ 132,334	30.71	$ 4,063,982
USD (USD: VND)	58,038	25,201	1,902,493	64,481	24,030	1,980,220
Financial liabilities						
Monetary items						
USD (USD: TWD)	160,927	32.78	5,275,176	108,607	30.71	3,335,313
USD (USD: VND)	32,729	25,201	1,072,863	39,120	24,030	1,201,364

Gains on foreign currency exchange (including realized and unrealized) amounted to NT$216,757 thousand and NT$97,178 thousand for the years ended December 31, 2024 and 2023, respectively. As there are numerous transactions denominated in foreign currencies, and the functional currencies of entities of the Group, gains or losses on exchange are not able to be disclosed by foreign currencies with significant influences.

28. SEPARATELY DISCLOSED ITEMS

(1) Information about significant transactions:

A. Financing provided to others. (Table1)

B. Endorsements/guarantees provided. (Table 2)

C. Marketable securities held (excluding investments in subsidiaries). (None)

D. Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. (None)

E. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (Table 3)

F. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

G. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

H. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 5)

I. Trading in derivative instruments. (Note 7)

J. Intercompany relationships and significant intercompany transactions. (Table 6)

(2) Information on investees. (Table 7)

(3) Information on investments in mainland China. (Table 8)

(4) Information on major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and the percentage of ownership of each shareholder. (Table 9)

29. SEGMENTS INFORMATION

The Group is mainly engaged in the manufacturing of footwear products, and the primary operating decision-maker uses the overall business results and financial conditions of the Group as information for resource allocation and performance evaluation. Furthermore, the nature of the products and manufacturing processes of the Group are similar; therefore, it is considered a single operating segment.

(1) Geographical information

The Group's revenue from continuing operations from external customers by location of customers and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers		Non-current Assets	
	2024	2023	December 31, 2024	December 31, 2023
America	$ 7,699,784	$ 5,810,416	$ -	$ -
Europe	6,796,448	5,152,335	534,171	563,386
Asia	2,348,903	1,822,738	5,226,657	4,541,887
China	952,285	839,248	2,720	-
Taiwan	-	-	1,504,777	1,212,032
Other	646,438	582,952	40,170	38,574
	$ 18,443,858	$ 14,207,689	$ 7,308,495	$ 6,355,879

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, and other non-current assets.

(2) Information about major customers

Revenue from any individual customer exceeding 10% of the Group's revenue is detailed below:

	2024		2023	
Customer name	Amount	%	Amount	%
Customer A	$ 10,388,365	56	$ 7,686,859	54
Customer B	6,191,568	34	5,170,114	36

SPORTS GEAR CO., LTD. AND SUBSIDIARIES
FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2024

Table 1

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

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed (Note 3)	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral Item	Collateral Value	Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 2)
0	The Company	Elephant	Other receivables - Related parties	Yes	$ 1,121,076 USD 34,200	$ 1,121,076 USD 34,200	$ -	-	Necessary for short-term financing	$ -	Operating capital	$ -	—	$ -	$ 1,523,714 USD 46,483	$ 6,094,856 USD 185,932
		Fongyuan	Other receivables - Related parties	Yes	124,564 USD 3,800	124,564 USD 3,800	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	1,523,714 USD 46,483	6,094,856 USD 185,932
		All Wells	Other receivables - Related parties	Yes	163,900 USD 5,000	- -	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	1,523,714 USD 46,483	6,094,856 USD 185,932
		SPG (Samoa)	Other receivables - Related parties	Yes	983,400 USD 30,000	983,400 USD 30,000	524,480 USD 16,000	0%	Necessary for short-term financing	-	Operating capital	-	—	-	1,523,714 USD 46,483	6,094,856 USD 185,932
1	SPG (Samoa)Taiwan Branch	SGP	Other receivables - Related parties	Yes	163,900 USD 5,000	-	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	12,744,307 USD 388,783	16,992,410 USD 518,377
		SGP	Other receivables - Related parties	Yes	512,250 EUR 15,000	512,250 EUR 15,000	409,800 EUR 12,000	3.0%-5.0%	Necessary for short-term financing	-	Operating capital	-	—	-	12,744,307 EUR 373,830	16,992,410 EUR 498,440
		FIL	Other receivables - Related parties	Yes	341,500 EUR 10,000	341,500 EUR 10,000	112,695 EUR 3,300	3.0%-5.0%	Necessary for short-term financing	-	Operating capital	-	—	-	12,744,307 EUR 373,830	16,992,410 EUR 498,440
		Silk Invest	Other receivables - Related parties	Yes	1,505,600 USD 45,930	1,505,600 USD 45,930	1,030,040 USD 31,423	2.0%-5.0%	Necessary for short-term financing	-	Operating capital	-	—	-	12,744,307 USD 388,783	16,992,410 USD 518,377
2	SPG (Samoa)	SPG	Other receivables - Related parties	Yes	655,600 USD 20,000	655,600 USD 20,000	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	12,744,307 USD 388,783	16,992,410 USD 518,377
		DH	Other receivables - Related parties	Yes	327,800 USD 10,000	327,800 USD 10,000	196,680 USD 6,000	5.0%	Necessary for short-term financing	-	Operating capital	-	—	-	12,744,307 USD 388,783	16,992,410 USD 518,377
		SPG Indonesia	Other receivables - Related parties	Yes	327,800 USD 10,000	327,800 USD 10,000	262,240 USD 8,000	3.0%-5.0%	Necessary for short-term financing	-	Operating capital	-	—	-	12,744,307 USD 388,783	16,992,410 USD 518,377
		ASP	Other receivables - Related parties	Yes	327,800 USD 10,000	327,800 USD 10,000	131,120 USD 4,000	3.0%-5.0%	Necessary for short-term financing	-	Operating capital	-	—	-	12,744,307 USD 388,783	16,992,410 USD 518,377
		Silk Invest	Other receivables - Related parties	Yes	327,800 USD 10,000	-	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	12,744,307 USD 388,783	16,992,410 USD 518,377
		AW	Other receivables - Related parties	Yes	327,800 USD 10,000	262,240 USD 8,000	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	12,744,307 USD 388,783	16,992,410 USD 518,377
		VG	Other receivables - Related parties	Yes	327,800 USD 10,000	327,800 USD 10,000	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	12,744,307 USD 388,783	16,992,410 USD 518,377
		SGC	Other receivables - Related parties	Yes	163,900 USD 5,000	98,340 USD 3,000	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	12,744,307 USD 388,783	16,992,410 USD 518,377

（Continued）

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed (Note 3)	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 2)
													Item	Value		
3	All Wells	Fireman	Other receivables - Related parties	Yes	$ 655,600 USD 20,000	$ -	$ -	-	Necessary for short-term financing	$ -	Operating capital	$ -	—	$ -	$ 19,597,688 USD 597,855	$ 26,130,251 USD 797,140
		SGC	Other receivables - Related parties	Yes	327,800 USD 10,000	-	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	19,597,688 USD 597,855	26,130,251 USD 797,140
4	Elephant	SPG Indonesia	Other receivables - Related parties	Yes	885,060 USD 27,000	885,060 USD 27,000	-	-	Necessary for short-term financing	-	Operating capital	-			9,475,812 USD 289,073	12,634,416 USD 385,431
5	Fongyuan	SPG Indonesia	Other receivables - Related parties	Yes	98,340 USD 3,000	98,340 USD 3,000	-	-	Necessary for short-term financing	-	Operating capital	-			3,771,163 USD 115,045	5,028,217 USD 153,393

Note 1: The individual amount for lending to a company or a firm having a business relationship with the Company shall not exceed the total transaction amount between the parties during the period of lending and shall not exceed 10% of the net worth of the Company’s financial statements of the issuing company for the most recent period, audited and attested or reviewed by a certified public accountant (CPA). The “transaction amount” shall mean the purchasing or sales amount between the parties during the period of twelve (12) months prior to the time of lending, whichever is higher; The individual amount for lending to a company in need of funds for a short-term period shall not exceed 10% of the net worth of the Company’s financial statements of the issuing company for the most recent period, audited and attested or reviewed by a certified public accountant (CPA). For fund-lending between offshore companies whose voting shares are 100% owned, directly or indirectly, by the Company, the total amount for such fund-lending shall not be subject to the limit of short-term financing. Unless there are other relevant laws and regulations in the place where the subsidiary is established and the limit of the transaction amount to individual objects shall not exceed three times of the net worth of the latest financial statements of the company.

Note 2: The total amount for lending to a company or a firm having a business relationship with the Company shall not exceed the total transaction amount between the parties during the period of lending and shall not exceed 40% of the net worth of the Company’s financial statements of the issuing company for the most recent period, audited and attested or reviewed by a certified public accountant (CPA); The total amount for lending to a company in need of funds for a short-term period shall not exceed 40% of the net worth of the Company’s financial statements of the issuing company for the most recent period, audited and attested or reviewed by a certified public accountant (CPA). For fund-lending between offshore companies whose voting shares are 100% owned, directly or indirectly, by the Company, the total amount for such fund-lending shall not be subject to the limit of short-term financing. Unless there are other relevant laws and regulations in the place where the subsidiary is established and the limit of the transaction amount to individual objects shall not exceed four times of the net worth of the latest financial statements of the company.

Note 3: The transactions within the Group were eliminated in the consolidated financial statements.

SPORTS GEAR CO., LTD. AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2024

Table 2

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

No.	Endorser/ Guarantor	Endorsee/Guaranteed Party		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity In Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 3)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 3)	Endorsement/ Guarantee Given On Behalf of Companies in Mainland China (Note 3)	Remark
		Name	Relationship (Note 1)											
1	SPG (Samoa)	FIL	2	$ 2,124,046 USD 64,797	$ 163,900 USD 5,000	$ -	$ -	$ -	-	$ 3,398,467 USD 103,675	N	N	N	

Note 1: The relationship between endorser and endorsee:
(1) A company with which it does business.
(2) A company in which the public company, directly and indirectly, holds more than 50 percent of the voting shares.
(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
(4) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares for each other.

Note 2: The total amount of external endorsement/guarantee shall not exceed 80% of the net worth of the Company. The amount of endorsement/guarantee rendered to any single company shall not exceed 50% of the net worth of the Company; In the event that an endorsement/guarantee is made due to needs arising out of businesses, the amount of endorsement/guarantee shall not exceed the amount of the purchasing or sales between the parties in the most recent year whichever is higher.

Note 3: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by the listed parent company to the subsidiary and provision by the subsidiary to the listed parent company, and provision to the party in Mainland China.

SPORTS GEAR CO., LTD. AND SUBSIDIARIES
ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024

Table 3 (In Thousands of Foreign Currencies)

Buyer	Property	Event Date	Transaction Amount (Note 1)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
DH	Land use right in Ping-Shun	November 7, 2024 (Board resolution)	USD 10,120	As of the reporting date, USD5,960 has been paid.	HOANG QUAN BINH THUAN	—	Not applicable	Not applicable	Not applicable	Not applicable	According to the property appraisal report issued by property appraisal firm, the appraised amount of the target is USD9,885 thousand.	In response to requirements for relocation of the factory of DH in the future.	None

SPORTS GEAR CO., LTD. AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024

Table 4 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Remark
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
SPG (Samoa) Taiwan Branch	SPG	Refer to Note 10 of the consolidated financial statements	Sale	$ 350,448	2	Net 60 End of Month	Note 2	Note 2	$ -	-	
	SPG	Refer to Note 10 of the consolidated financial statements	Purchase	4,998,386	27	Net 60 End of Month	Note 2	Note 2	(295,010)	22	
	VG	Refer to Note 10 of the consolidated financial statements	Sale	172,450	1	Net 60 End of Month	Note 2	Note 2	-	-	
	VG	Refer to Note 10 of the consolidated financial statements	Purchase	3,846,728	21	Net 60 End of Month	Note 2	Note 2	(236,008)	18	
	AW	Refer to Note 10 of the consolidated financial statements	Purchase	1,929,714	10	Net 60 End of Month	Note 2	Note 2	(210,864)	16	
	DH	Refer to Note 10 of the consolidated financial statements	Purchase	805,293	4	Net 60 End of Month	Note 2	Note 2	(110,408)	8	
	SGC	Refer to Note 10 of the consolidated financial statements	Sale	892,389	4	Net 60 End of Month	Note 2	Note 2	1,806	-	
	SGC	Refer to Note 10 of the consolidated financial statements	Purchase	4,743,460	25	Net 60 End of Month	Note 2	Note 2	(339,634)	26	
	ASP	Refer to Note 10 of the consolidated financial statements	Purchase	800,259	4	Net 60 End of Month	Note 2	Note 2	(120,022)	9	
Silk Invest	SPG	Refer to Note 10 of the consolidated financial statements	Sale	485,042	20	Net 60 End of Month	Note 2	Note 2	190,178	22	
	SGC	Refer to Note 10 of the consolidated financial statements	Sale	1,449,292	61	Net 60 End of Month	Note 2	Note 2	518,571	59	
	ASP	Refer to Note 10 of the consolidated financial statements	Sale	185,584	8	Net 60 End of Month	Note 2	Note 2	66,971	8	
	VG	Refer to Note 10 of the consolidated financial statements	Sale	160,426	7	Net 60 End of Month	Note 2	Note 2	56,037	6	
SPG	SPG (Samoa) Taiwan Branch	Refer to Note 10 of the consolidated financial statements	Sale	VND 3,873,222,587	98	Net 60 End of Month	Note 2	Note 2	VND 236,786,111	96	
	SPG (Samoa) Taiwan Branch	Refer to Note 10 of the consolidated financial statements	Purchase	VND 308,189,544	13	Net 60 End of Month	Note 2	Note 2	(VND -)	-	
	Silk Invest	Refer to Note 10 of the consolidated financial statements	Purchase	VND 374,464,826	16	Net 60 End of Month	Note 2	Note 2	(VND 146,163,814)	21	
VG	SPG (Samoa) Taiwan Branch	Refer to Note 10 of the consolidated financial statements	Sale	VND 2,973,242,750	99	Net 60 End of Month	Note 2	Note 2	VND 181,441,014	93	
	SPG (Samoa) Taiwan Branch	Refer to Note 10 of the consolidated financial statements	Purchase	VND 134,178,604	12	Net 60 End of Month	Note 2	Note 2	(VND -)	-	
	Silk Invest	Refer to Note 10 of the consolidated financial statements	Purchase	VND 124,192,719	11	Net 60 End of Month	Note 2	Note 2	(VND 43,057,497)	14	
AW	SPG (Samoa) Taiwan Branch	Refer to Note 10 of the consolidated financial statements	Sale	VND 1,331,103,389	87	Net 60 End of Month	Note 2	Note 2	VND 162,110,489	95	
DH	SPG (Samoa) Taiwan Branch	Refer to Note 10 of the consolidated financial statements	Sale	VND 623,350,297	92	Net 60 End of Month	Note 2	Note 2	VND 84,880,437	89	
SGC	SPG (Samoa) Taiwan Branch	Refer to Note 10 of the consolidated financial statements	Sale	USD 147,904	100	Net 60 End of Month	Note 2	Note 2	USD 10,459	99	
	SPG (Samoa) Taiwan Branch	Refer to Note 10 of the consolidated financial statements	Purchase	USD 29,725	33	Net 60 End of Month	Note 2	Note 2	(USD 55)	-	
	Silk Invest	Refer to Note 10 of the consolidated financial statements	Purchase	USD 44,251	48	Net 60 End of Month	Note 2	Note 2	(USD 15,815)	62	
ASP	SPG (Samoa) Taiwan Branch	Refer to Note 10 of the consolidated financial statements	Sale	VND 618,848,139	93	Net 60 End of Month	Note 2	Note 2	VND 101,097,737	100	
	Silk Invest	Refer to Note 10 of the consolidated financial statements	Purchase	VND 143,536,007	22	Net 60 End of Month	Note 2	Note 2	(VND 51,487,142)	35	

Note 1: The transactions within the Group were eliminated in the consolidated financial statements.
Note 1: There is no similar transaction with non-related parties.

SPORTS GEAR CO., LTD. AND SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
December 31, 2024

Table 5 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Ending Balance			Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
							Amount	Actions Taken		
The Company	Sports Gear Co., Ltd. (Samoa)	Refer to Note 10 of the consolidated financial statements	Other receivables	USD	16,000	-	-	—	$ -	$ -
SPG (Samoa) Taiwan	Silk Invest	Refer to Note 10 of the consolidated financial statements	Other receivables		1,030,040	-	-	—	-	-
	SGP	Refer to Note 10 of the consolidated financial statements	Other receivables		409,800	-	-	—	-	-
	FIL	Refer to Note 10 of the consolidated financial statements	Other receivables		112,695	-	-	—	-	-
SPG (Samoa)	DH	Refer to Note 10 of the consolidated financial statements	Other receivables	USD	6,000	-	-	—	-	-
	ASP	Refer to Note 10 of the consolidated financial statements	Other receivables	USD	4,000	-	-	—	-	-
	SPG Indonesia	Refer to Note 10 of the consolidated financial statements	Other receivables	USD	8,000	-	-	—	-	-
Silk Invest	SGC	Refer to Note 10 of the consolidated financial statements	Accounts receivables		518,571	5.59	-	—	283,776	-
	SPG	Refer to Note 10 of the consolidated financial statements	Accounts receivables		190,178	5.10			61,150	-
SPG	SPG (Samoa) Taiwan Branch	Refer to Note 10 of the consolidated financial statements	Accounts receivables	VND	236,786,111	17.2			VND226,801,475	-
VG	SPG (Samoa) Taiwan Branch	Refer to Note 10 of the consolidated financial statements	Accounts receivables	VND	181,441,014	8.76	-	—	VND181,441,014	-
DH	SPG (Samoa) Taiwan Branch	Refer to Note 10 of the consolidated financial statements	Accounts receivables	VND	162,110,489	10.56			VND162,110,489	-
ASP	SPG (Samoa) Taiwan Branch	Refer to Note 10 of the consolidated financial statements	Accounts receivables	VND	84,880,437	12.10	-	—	VND 84,880,437	-
AW	SPG (Samoa) Taiwan Branch	Refer to Note 10 of the consolidated financial statements	Accounts receivables	VND	101,097,737	11.71	-	—	VND101,097,737	-
SGC	SPG (Samoa) Taiwan Branch	Refer to Note 10 of the consolidated financial statements	Accounts receivables	USD	10,459	14.39	-	—	USD 10,361	-

Note: The transactions within the Group were eliminated in the consolidated financial statements.

SPORTS GEAR CO., LTD. AND SUBSIDIARIES

THE BUSINESS RELATIONSHIP BETWEEN THE PARENT AND THE SUBSIDIARIES AND BETWEEN EACH SUBSIDIARY, AND THE CIRCUMSTANCES AND AMOUNTS OF ANY SIGNIFICANT TRANSACTIONS BETWEEN THEM

FOR THE YEAR ENDED DECEMBER 31, 2024

Table 6

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

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Account	Amount	Terms	Percentage to Consolidated Net Revenue or Total Assets (%)
0	The Company	SPG (Samoa)	1	Other receivables	$ 524,480	—	2
1	SPG (Samoa)	SPG Indonesia	3	Other receivables	262,240	—	1
2	SPG (Samoa) Taiwan Branch	Silk Invest	3	Other receivables	1,030,040	—	4
		SGP	3	Other receivables	409,800	—	2
		SGC	3	Accounts payables	339,634	Net 60 End of Month	1
		SPG	3	Accounts payables	295,010	Net 60 End of Month	1
		VG	3	Accounts payables	236,008	Net 60 End of Month	1
		SPG	3	Cost of goods sold	4,998,386	Net 60 End of Month	27
		SGC	3	Cost of goods sold	4,743,460	Net 60 End of Month	26
		VG	3	Cost of goods sold	3,846,728	Net 60 End of Month	21
		AW	3	Cost of goods sold	1,929,714	Net 60 End of Month	10
		DH	3	Cost of goods sold	805,293	Net 60 End of Month	4
		ASP	3	Cost of goods sold	800,259	Net 60 End of Month	4
3	Silk Invest	SPG	3	Revenue of goods sold	350,448	Net 60 End of Month	2
		SGC	3	Revenue of goods sold	892,389	Net 60 End of Month	5
		SGC	3	Accounts receivables	518,571	Net 60 End of Month	1
		SPG	3	Revenue of goods sold	485,042	Net 60 End of Month	3
		SGC	3	Revenue of goods sold	1,449,292	Net 60 End of Month	8
		VG	3	Revenue of goods sold	185,584	Net 60 End of Month	1

Note 1: The relationships: (1) Represents the transactions from the parent company to the subsidiary. (2) Represents the transactions from the subsidiary company to the parent. (3) Represents the transactions between subsidiaries.

Note 2: For balance sheet accounts, transactions exceeding 1% of the consolidated total assets should be disclosed; for income statement accounts, transactions exceeding 1% of the consolidated total revenue should be disclosed. The transactions within the Group were eliminated in the consolidated financial statement.

SPORTS GEAR CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTEES
OR THE YEAR ENDED DECEMBER 31, 2024

Table 7

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Losses) of the Investee	Share of Profit (Loss)	Remark
				December 31, 2024	December 31, 2023	Shares	Percentage of Ownership (%)	Carrying Amount			
	Shares										
The Company	SPG (Samoa)	Samoa	Sporting goods trading and international investment	USD 101,400	USD 101,400	5,035,579	100	$ 4,178,380	$ 581,254	$ 536,259	First-tier subsidiary
	Fongyuan	Seychelles	International investment	USD 34,999	USD 33,409	37,740,000	100	1,267,719	266,962	274,725	First-tier subsidiary
	Elephant	Seychelles	International investment	USD 76,345	USD 62,035	68,810,000	100	3,254,591	390,123	460,001	First-tier subsidiary
	All Wells	The British Virgin Islands	International investment	USD 65,000	USD 65,000	48,500,000	100	6,534,093	618,331	618,322	First-tier subsidiary
	SPG Singapore	Singapore	International investment	USD 1,000	USD 1,000	1,000,000	100	33,010	321	321	First-tier subsidiary
SPG (Samoa)	Silk Invest	Taiwan	Investment and real estate development, rental, and sales	USD 35,446	USD 35,446	-	100	USD 20,413	(39,501)	(Note 1)	Second-tier subsidiary
Elephant	VG	Vietnam	Manufacturing, processing and trading of sporting goods	USD 56,000	USD 56,000	-	100	USD 62,606	VND 320,811,316	(Note 1)	Second-tier subsidiary
	SPG Indonesia	Indonesia	Manufacturing, processing and trading of sporting goods	USD 36,000	USD 21,690	-	90	USD 35,783	(IDR 13,760,171)	(Note 1)	Second-tier subsidiary
	SGP	Portugal	Research center for sporting goods	EUR 250	EUR 250	250,000	2.78	USD 157	(EUR 1,257)	(Note 1)	Second-tier subsidiary
Fongyuan	AW	Vietnam	Manufacturing, processing and trading of sporting goods	USD 36,000	USD 36,000	-	90	USD 33,871	VND 231,439,206	(Note 1)	Second-tier subsidiary
	SPG Indonesia	Indonesia	Manufacturing, processing and trading of sporting goods	USD 4,000	USD 2,410	-	10	USD 3,976	(IDR 13,760,171)	(Note 1)	Second-tier subsidiary
All Wells	SPG	Vietnam	Manufacturing, processing and trading of sporting goods	USD 12,700	USD 12,700	-	100	USD 32,064	VND 197,150,599	(Note 1)	Second-tier subsidiary
	AW	Vietnam	Manufacturing, processing and trading of sporting goods	USD 4,000	USD 4,000	-	10	USD 3,763	VND 231,439,206	(Note 1)	Second-tier subsidiary
	DH	Vietnam	Manufacturing, processing and trading of sporting goods	USD 21,600	USD 21,600	-	100	USD 18,603	VND 7,034,055	(Note 1)	Second-tier subsidiary
	Fireman	Cambodia	Manufacturing, processing and trading of sporting goods	USD 15,000	USD 15,000	-	100	USD 15,558	USD 588	(Note 1)	Second-tier subsidiary
	SPG Myanmar	Myanmar	Manufacturing, processing and trading of sporting goods	USD 20,000	USD 20,000	-	100	USD 20,324	USD 1,571	(Note 1)	Second-tier subsidiary
	ASP	Vietnam	Manufacturing, processing and trading of sporting goods	USD 12,000	USD 12,000	-	100	USD 8,973	VND 57,714,775	(Note 1)	Second-tier subsidiary
	SGC	Cambodia	Manufacturing, processing and trading of sporting goods	USD 40,000	USD 40,000	-	100	USD 92,410	USD 5,582	(Note 1)	Second-tier subsidiary
Silk Invest	SGP	Portugal	Research center for sporting goods	EUR 8,750	EUR 8,750	8,750,000	97.22	179,774	(EUR 1,257)	(Note 1)	Second-tier subsidiary
	FIL	Germany	Manufacturing, processing and trading of sporting goods	EUR 5,098	EUR 5,073	-	100	(37,323)	(EUR 1,495)	(Note 1)	Second-tier subsidiary

Note 1: Not required to fill in.
Note 2: The transactions within the Group were eliminated in the consolidated financial statements.

SPORTS GEAR CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024

Table 8

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

Investee company name	Main business and products	Total Amount of Paid-in capital	Investment Method	Accumulated outflow of investment from Taiwan at the beginning of the period	Investment flows		Accumulated outflow of investment from Taiwan at the end of the reporting period	Current profit or loss of the investee company	% Ownership of direct or indirect investment	Current recognized investment profit or loss	Carrying value at the end of the period	Accumulated inward remittance of investment earnings at the end of reporting period	Note
					Outflow	Inflow							
SCN	Trading of sporting goods	$ 16,314	Investment in Mainland China via a company in the 3rd region.	$ -	$ -	$ -	$ -	($ 1,267)	100%	($ 1,267)	$ 15,025	$ -	

Accumulated investment in Mainland China at the end of the period	Investment amount approved by the Investment Commission, MOEA	Maximum investment allowable by the Investment Commission, MOEA
N/A	N/A	N/A

Note 1: Investment profit or loss is recognized based on the financial statements audited by CPA of the parent company in Taiwan.
Note 2: The transactions within the Group were eliminated in the consolidated financial statements.

SPORTS GEAR CO., LTD.
INFORMATION ON MAJOR SHAREHOLDERS
December 31, 2024

Table 9

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
MATCH SPORTS INTERNATIONAL CO LTD.	60,853,185	31.04
Mu Mu Sports International Limited	30,055,555	15.33
Trust account managed by Spread Idea	16,666,666	8.50

Note: The main shareholder information in this table was calculated by the insurance company on the last business day at the end of each quarter, the total number of common shares and special shares held by the shareholders who have completed the delivery of the company without physical registration has reached more than 5%. As for the share capital recorded in the Company's consolidated financial report and the number of shares actually delivered by the Company without physical registration, there may be differences due to the different calculation basis.